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Resources Development Committee

Supplementary Estimates, Ministry of Agriculture and Food
and Ministry of Northern Affairs

Second Session, 31st Parliament

Tuesday, March 14, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC



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LEGISLATURE OF ONTARIO

TUESDAY, MARCH 14, 1978

The committee met at 8:05 p.m.

SUPPLEMENTARY ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

On vote 1802, agricultural production program; item 5, assistance to primary food production:

Hon. W. Newman: Mr. Chairman, may I make a couple of opening remarks? We have supplementary estimates here for capital grants, \$2 million, and farm tax reduction, \$739,000. So we're voting on \$2,739,000 tonight.

I don't really have an opening statement to make. All I want to say on the capital grants in the province of Ontario is that the \$10 million that was allocated ran out and we were allocated another \$2 million to bring us up to date, hopefully to the end of March, projected to the end of March, which will give us \$12 million to complete the program by the end of March and that's what we are voting on tonight. In the farm tax reduction program this year there is \$739,000—actually, it is more than that, and, to be honest with you, the farm tax reduction program cost more this year than it did last year because of cost increases. The additional funds have come from within the ministry by and large, so all we are asking for tonight is \$739,000 to complete the estimates on the farm tax reduction program.

I don't have a prepared statement. I think I sent down to all of you a copy of the statement on the farm tax reduction and where the money is coming from. There was \$43 million allocated and \$3 million was spent on late applications from previous years, leaving \$40 million for the 1977 program. The total is \$44.5 million re the 1977 program and we need an additional \$4.5 million to satisfy all the applications for 1977-78.

There were savings we made this year. For instance, in the tile drainage program, for which we allocated \$20 million, up to the last minute we had reshuffled the program and the funds for it. We are still approximately \$1.2 million short of the total of \$20 million for this year because of the weather we had last fall.

We have a couple of others here. The beef calf cum stabilization program which we had budgeted for comes in about \$1.2 million under. Seasonal farm workers, the total budget was not used and, of course, the interest in the tile drainage debenture was very interesting this year because of the reduced interest rate across Canada, which has gone up recently, but it was down, and through those savings we are able to meet these commitments with only another \$739,000. Those are the two items, Mr. Chairman, and I welcome any questions on either of them.

Mr. Ruston: Your total farm tax reduction program was \$44.5 million for this fiscal year. Is that right?

Hon. W. Newman: Yes.

Mr. Ruston: You picked up some of this, \$3 million in previous years that come in late applications, is that right?

Hon. W. Newman: Yes, that's right, because we do allow them to take longer, although we are tightening up in our program now. We have allowed them to file late and now we are tightening up a little bit on it, so they must get in within six months of the end of the fiscal year, which we think is only appropriate because when they drag in like this it makes it very difficult for us to actually assess our total budget.

Mr. Ruston: I know this isn't in your estimates, but you mentioned in your assessment there \$1.2 million of tile loan money.

Hon. W. Newman: No. On the Tile Drainage Act that was almost \$1.2 million, right. Grants under the Tile Drainage Act, \$1,186,000.

Mr. Ruston: The Tile Drainage Act comes under TEIGA, doesn't it? You don't have anything to do with that. Do you operate the tile drainage program?

Hon. W. Newman: Yes. The tile drainage program had \$20 million allocated this year and what happened was, even with reallocation twice, with all the forms that came in up until about the end of February, there was still \$1.2 million short. Because of the wet weather they didn't get the tile drainage done, so we saved some money there—or we didn't save it, it wasn't used because of the fact of the wet weather.

Mr. Ruston: There are a lot of outstanding applications in many townships, of course, on a waiting list. You are aware of that, I am sure.

Hon. W. Newman: Yes. What we did was we told everybody, we wrote them in January or whatever it was and we said, "Look, any that have not been processed, get them into us and we will process them. We wanted to process all we could before the end of March, because they had to be in by the end of January in order to have them processed, and we still only came up with about \$18.8 million. It was nobody's fault; it was only because of the wet weather."

[8:15]

Mr. Ruston: The grants for capital purposes, for buildings, drainage and so on, isn't that program running out this year?

Hon. W. Newman: I can't give you the total figures, but originally there was \$128 million allocated to this on a 12-year program.

Mr. Ruston: With the federal government?

Hon. W. Newman: No, no, the provincial capital grants program. It ran away over. We are up to about \$141 million now. This year, around December, we ran out of the \$10 million, so we asked for the additional funds so that the capital grants program would be paid up to the end of March. We are estimating it will be another \$2 million and I think it will be within a very few dollars of that. So instead of \$10 million it will actually be a total of \$12 million in capital grants in 1977-78.

This gives us an opportunity to start next year with a clean sheet so we don't have to pay the back ones up, and this will give us a chance to start on the next year. The estimates book isn't out yet, but it will be in there.

Mr. Wildman: I have just a couple of short questions in regard to the capital grants. Does that figure include the special program you had for certain northern areas that, previous to last year, were suffering from drought? The well drilling program?

Hon. W. Newman: No, not at all, no.

Mr. Wildman: It doesn't. Is that out of Northern Affairs?

Hon. W. Newman: This year the money was allocated by Northern Affairs. We are administering it but it came out of the Northern Affairs budget.

Mr. Wildman: Okay. So that isn't included in your regular capital grants program?

Hon. W. Newman: Just a minute, if you

are talking about the capital grants program, yes, it's over all the province, but if you're talking about the assistance that goes to northern Ontario that has been put in the Northern Affairs budget but we have administered it. It's in their budget for the 1977-78 fiscal year.

Mr. Wildman: I see. So the extra \$2 million then is just to cover commitments you had already made until the end of the fiscal year, or is it new applications?

Hon. W. Newman: The whole idea is that in the capital grants program we allocated \$10 million for 1977-78. As of about December or January, or whatever it was, the total \$10 million had been committed and in order to start off with a clean sheet starting April 1, it will take about \$2 million to pay off those people who are now waiting for capital grants. So this is now being passed and we'll be able to pay those people who have applications in and who had to wait. We've said to them, in effect, by letter, "You'll have to wait until April 1, 1978," but now we have the extra \$2 million, which will give us \$12 million instead of \$10 million for the capital grants program.

Mr. Wildman: In relation to the farm tax reduction program, you indicated there was a higher amount paid out this year than previously. What is the reason for that? Higher municipal taxation or what?

Hon. W. Newman: Part of it could be that. It's pretty hard to be accurate when you are making your estimates, as you'll see when the estimates go in for this year. You will see we've allocated so many dollars for the farm tax reduction program in 1978, but it's very hard to estimate it accurately. We estimated \$43 million in the 1977-78 fiscal year, our fiscal year, and what happened was that we allowed people who were behind that fiscal year to apply for the capital grants reduction. We will be tightening it up this year. I have forgotten the exact figure, but about \$3 million was spent in late applications for previous years. That reduced it to \$40 million, and our total estimate this year is \$44.5 million.

Mr. Wildman: You indicated you would save some money in other programs like the tile drainage program, which was where farmers were unable to put in tile drainage because of the wet weather and so on. You also indicated you had saved some money out of the beef calf stabilization program. How much was that?

Hon. W. Newman: It is always very difficult, because in the cow-calf program we

never know what the monitored figure is going to be. As a result of the estimates we made last year—or this year, in estimates we went through in December—it turned out that we saved about \$1.2 million in our projected cost factor. Nothing due to the federal program or anything else, it is just that we estimated differently. We estimated at 14 cents and we paid 12.4 cents or something like that. There's a saving of about \$1.2 million there in our estimate. Calf prices on the average this fall were 38.9 cents; I think we estimated about 36 cents or 37 cents. Every cent costs \$1 million so if we said 37 and 38 point something, we saved about \$1 million—

Mr. Wildman: Because the prices were a little higher than you anticipated?

Hon. W. Newman: Yes, on the overall average.

Mr. Wildman: The total figure you have here, \$739,000, is what was left after you had taken the money out of the other two programs to make up the—

Hon. W. Newman: No; not what we took out, what we saved.

Mr. Wildman: Right; okay, fine. Have you got an overall figure, then, of the amount over and above the \$3 million from the previous year that you had—and I am not being critical here—that you had underestimated on the need for the farm tax reduction program?

Hon. W. Newman: We really don't know the total figure, but we estimated \$43 million. Three million dollars came in, not from 1977-78 budget year, but prior to that; so there's \$3 million payout there because we have passed an order in council every year to allow those people to catch up. So the actual—that left us with \$40 million. Our total costs were \$44.5 million and we originally estimated at \$43 million so we are \$1.5 million light; but because of the \$3 million that came in before it left us with \$40 million and it means that we actually need—was it \$4.5 million?—yes, \$4.5 million to satisfy all the applications for 1977-78.

So if we take the savings we made—not savings, but because of conditions; and the interest rate is very important, because the prime rate in Canada has been down in the last year and we have saved some on our estimated differential, between the six per cent and the prime rate; we did save money on that because the interest rate was down in the past year. So we had to project some of those things. You know you can't always be right on the nose.

Mr. Wildman: No, okay. Mr. Chairman, if I could be a bit parochial for a moment here on the farm tax reduction program, I have had a bit of a problem in the recent past, and this doesn't apply I suppose to southern Ontario but it does to farmers in the north. In areas that are unorganized municipally, previous to this, in most cases farmers in unorganized townships, or any resident in an unorganized township, would normally be paying two types of taxation, one to the school board and then one to Natural Resources, the provincial land tax; but in most cases farmers in those areas were not paying the provincial land tax. The Ministry of Natural Resources was just not collecting the provincial land tax—

Hon. W. Newman: I appreciate they didn't.

Mr. Wildman: —and that really was a good thing, obviously, for the farmers in that area—but what's happening now is that the Ministry of Natural Resources is transferring the responsibility of collecting the provincial land tax from residents in unorganized townships to the Ministry of Revenue, and I understand that the Ministry of Revenue has co-opted a number of the staff people who used to be in the Ministry of Natural Resources responsible for the provincial land tax, and suddenly, as they have shifted ministries, they have become very much more interested in collecting a tax. So I have a situation in a couple of unorganized townships in my area where farmers who are exempted by the school board from education taxes are now being told by the Ministry of Revenue, through the Ministry of Natural Resources because they are operative in the area, that unless at least half of their income is derived from the farm, they will be responsible for paying provincial land tax and they are being billed for the last three years. I wonder if you have any knowledge of this, if the ministry has any knowledge of this.

Hon. W. Newman: The only comment I would make on this is the fact that on the farm tax reduction program you have to have gross sales of \$2,000. That's our criterion. Mind you, this money comes from TEIGA, but as far as I'm concerned, if they have \$2,000 gross income from farming, they're entitled to the farm tax reduction program. If there is a problem between Natural Resources and Revenue, I am not aware of it. If you have any specific instances, I'd like to hear about them.

Mr. Wildman: After the meeting tonight I'll give your people that information. But I have pointed out to the Ministry of Revenue

people the \$2,000 income situation, saying, "Look, it's ridiculous for them to be exempt from education taxes on that basis, and yet to be told they are responsible for a provincial land tax because somebody in Revenue has decided that they should be making half of their income from the farm."

Hon. W. Newman: I don't know how that came about—

Mr. Wildman: There is a Mr. John Mahon of the Ministry of Revenue with whom I had some rather interesting discussions.

Hon. W. Newman: The rule is that \$2,000 gross income from the farm qualifies you for the farm tax reduction program. We go to the extreme north and extreme south, so we can run into problems, but that's our criterion to work with. Although the program is in my ministry, as far as dollars are concerned it is administered by TEIGA. But we have stuck strictly to the \$2,000 gross income. If there are specific problems, please let us know and we will look into them.

Mr. Wildman: I'll give those to your staff afterwards.

Mr. McGuigan: A small question to the minister about tax rebates. Has all the money gone out for this year? I have a constituent complaining about not receiving his money yet.

Hon. W. Newman: No, it hasn't. If there is a problem, people can still file. We do have occasional problems where somebody's form doesn't get through, or it wasn't filled out or whatever, and that's why we have the delayed action, if I may say that. That's why we paid out in 1977-78 \$3 million because we allow a backlog period of time, in case there is a problem. We do that by order in council. So if you know of a particular individual who didn't get his farm tax rebate, unless there is something that makes him not entitled, he still has an opportunity to apply for his farm tax rebate.

Mr. McGuigan: Then anyone who hasn't been paid up to now, it is because of some error or—

Hon. W. Newman: It could be an error in the computer, it could be an error in our ministry, or it could be something wrong with TEIGA. As the deputy has said, some of the estimates are here because of the fact that there are problems from time to time. If you have an individual who didn't get his farm tax rebate cheque, maybe it got lost in the mail. He is still entitled to file. All he has to do is get hold of our agrep and find out. He can still apply for it, as long as he has got \$2,000 in gross income.

Mr. McGuigan: It should come through the agrep, then, should it?

Hon. W. Newman: That's the best way to do it. Or he can write to me directly and we will look after it, because there are bound to be problems. No disrespect to your friends, but there can be mail problems—I'm talking about postage problems.

Mr. McGuigan: I had another question on another subject. Can I proceed with that? You mentioned, Bill, that there is money left on grants for seasonal housing. Knowing the squeeze that is being put on the offshore program, it would seem to me that producers should be gearing up and preparing for family groups. I am just wondering what sort of publicity or awareness you are providing that there is money available?

Hon. W. Newman: This year, in 1977-78, in housing for seasonal farm workers there was only a \$135,000 saving; it wasn't all utilized. I think a lot of people are concerned today, especially farmers in the cash crop areas—I don't beat around the bush, Mr. Cullen and myself have had a divergence of opinion on this particular matter. Don't get me wrong. I believe in a Canada-first policy and if our own people are prepared to take on the job I am all for it.

[8:30]

Mr. McGuigan: We all agree on that.

Hon. W. Newman: Yes, a Canada-first policy. I think there was some concern about that this year, before the program was announced by the federal people. There was some interesting correspondence between Bud Cullen and myself on the matter. As far as I'm concerned, I'm a Canada-first person too.

One of the things I'm very concerned about is the fact that in some of the areas down there the school boards have a great deal of elasticity in so far as the school year is concerned. Maybe the school year is something that should be pursued at the local board level. A lot of students do a good job. Some school boards don't take them back until later, as you well know. But there is even more leeway to take them back to school even later in the year. Mind you, it means a longer year and it means shorter holidays and so forth, but that's up to the local school boards.

Still, first and foremost, I agree on Canada-first, but we still do have people who will not spend the time on farms that you and I would like to see them spend.

Mr. McGuigan: I know that full well, but I know the squeeze is on and I'm well aware that some of these Canadian workers won't be there. Therefore, the farmers should be

preparing some seasonal help. There are—certainly in Kent county—some very successful operations of bringing in family groups—not itinerants—from Quebec. These farmers should be preparing for it.

Hon. W. Newman: I think we had a total allocation this year of \$600,000—is that correct?—for the housing program. That program will probably crank down this coming year.

Mr. R. G. Bennett: This is the last of the two years.

Hon. W. Newman: That program could be cranking down this coming year. That doesn't mean that we're still not interested in Canada-first but, by the same token, when seasonal harvesting is on we've got to get those crops off. So out of \$600,000, \$135,000 was not expended this year. It's by application so it's up to the individuals to make application for it.

Mr. McGuigan: Fine. I'd just like to suggest that we should make people aware that this program is still alive and that there's still money there.

Hon. W. Newman: I'd be afraid to, with what we've got left. Okay, sure, maybe you've got a good point. We'd be only too glad to do it. We have advertised this and we will continue. This is our last year, I believe.

Mr. R. G. Bennett: Yes, it's our last three-year agreement with the feds.

Mr. Wildman: Are they not going to renew it because of the Canada-first program?

Hon. W. Newman: We don't know whether they will or not. It's like the ARDA agreement that runs out at the end of February or March 1979. We don't know. We're still working on that agreement.

Mr. Wildman: You got an interim reprieve on that one though, didn't you?

Hon. W. Newman: Yes, we did, for two years. But I feel very strongly about this. I'm not being political—although there is an election coming probably—and I feel very strongly that the whole ARDA program has been a good program and it should be continued. We have ongoing discussions. We have one going right now. I've had several meetings myself regarding the matter as far as ARDA is concerned, because I think it's very important to Ontario.

Mr. McGuigan: Mr. Chairman, I'd like to add one more thing. We should, it seems to me, press for it with Cullen if we're going to go Canada-first. Canadians need housing just as much as anybody else does. In fact, you need more housing because you can't

put as many people in a given space because family groups have young children and so on. We need seasonal housing even more so under a Canada-first program than we do under an offshore program.

Hon. W. Newman: I would agree with you. I have to feel that this is very important because I don't have to tell you about the situation. You know it better than I do, living down in that area. It's exactly the problem we're faced with. We talk about the price of food and the farmers' return—if he doesn't have that help to take that crop off, I'll tell you, the consumers are going to be the ultimate losers.

Mr. Johnson: I have a couple of questions, Mr. Minister. I'm not sure they fall under the supplementary estimates—maybe they fall under the later estimates—but I'll throw them at you anyway.

One is on the tile drainage program, which I feel quite strongly about. I'm sure that you support it, along with Mr. McKeough who's been advocating tile drainage for years. I feel we should spend more money in this direction, especially in view of the fact that last fall we had such adverse weather conditions that a lot of farmers suffered and we had to go to crop insurance to supplement it. I understand that there will be \$20 million spent on it. I would like to see it increased more than that if at all possible.

I feel there are two methods. Some people feel we should be preserving more farmland. I think personally we should be utilizing the land we have. One way is increased tile drainage, and hopefully the ministry will be moving in this direction.

Hon. W. Newman: Mr. Chairman, through you to Jack—I couldn't agree with you more. Tile drainage is very important, and more and more people are becoming aware of it. Also now they're becoming much more aware of it in eastern Ontario, and in northern Ontario they're now using it.

Mr. Johnson: And in Lambton.

Hon. W. Newman: And in Lambton. I agree with you. The problem is that with the constraints we have and when the estimates do come out you'll see that there will be an increase in certain areas. One of the big things we're faced with this year is the farm tax reduction. It's a matter of deciding your priorities. It's not an easy thing to deal with—it's not easy at all.

As far as tile drainage is concerned in this coming year, it's not going to be easy to deal with. The general feeling I get is that they want to keep it at the six per cent interest rate. So each year the amount the

government has to pay builds up because of the six per cent interest. I agree with you as far as tile drainage is concerned.

You talk about crop insurance. I think our loss this year is going to be somewhere around \$12 million from crop insurance in the province. It's going to mean an increase in premiums in the coming year. I couldn't agree with you more, but we have to decide that when we are on a restricted budget—whatever it may be—it's not easy to make your decisions of where the priorities should be.

I've often thought, should we be looking at—

Mr. R. G. Bennett: What was our figure five years ago? Four million seven?

Hon. W. Newman: Yes, \$4.7 million was the tile drainage figure five years ago. Regarding the farm tax reduction program, you might want to suggest to me tonight, "Why don't you cut it to 45 per cent and put more money into tile drainage?" It's a difficult scale to balance and no matter what we do there are going to be those who think we've done the wrong thing and those who are going to think we've done the right thing.

The white paper is out on market value assessment. I won't comment on that. It's out now and they're discussing it and dealing with it. So it's always a difficult thing to deal with. If we're going to have more money for tile drainage do we cut back on the farm taxes? Where do we cut back? It's always a difficult thing to deal with.

I could talk about the promotional program we have now. We've had a very successful promotional program in Agriculture and Food. Just recently with the program we've increased overall vegetable sales in the area—in the last three weeks we've been promoting them—by over 50 per cent on Ontario vegetables. That will give you some idea of how effective the promotional program has been.

So where do you direct your dollars? I don't really know and I don't profess to know the answers. Tile drainage is tough. I know that tile drainage will increase productivity and we're getting more interest in the north and more interest in the east, and yet we're still getting tremendous interest in western Ontario and your area for more tile drainage money.

As far as budgets are concerned, how do you deal with it? I have to agree with you but I don't know the answers. We've got so many dollars to spread so far, and when the estimates are printed and out—I guess they'll be out fairly soon—it's tough. We've made decisions—maybe the wrong ones and maybe

the right ones—but we had to do what we felt was right as far as the farmers were concerned.

Our stabilization program is in place. There will probably be a payout in corn this year. Once the fiscal year ends—the end of August, is it?—there will be an allocation for that in the budget. The Treasurer (Mr. McKeough) is talking about a balanced budget so we keep increasing our costs to some degree. But personally I like to see more money spent in the resource field and agriculture, because one job in every four in this province is related to agriculture. If you want to spread it a little further, it even affects other areas of the province.

Mr. Johnson: I have one more question and that is on the farm tax reduction program. I don't suppose that applies to the rebate on the price farmers have to pay for the bulk delivery of gas that the member for Algoma-Manitoulin (Mr. Lane) was mentioning the other day?

Mr. Wildman: I know the minister is concerned about this. Is there anything we can do as a committee to emphasize the fact that there is a problem? Is there something that maybe we as members of this government could be doing to monitor the price of gas, so that there is some relaxation in the price farmers have to pay for their bulk delivery?

Hon. W. Newman: This is not an easy question to answer. I would like to make just a few comments on it though, regarding the tax rate on gas and what farmers have to pay for it. I, like you, have a tank on my farm; I, like you, pay more for my tank delivered there than I would if I were to go down to the local service station and pay for it.

There are several factors involved here and I think we have to remember this. One is that the tank truck-loads that go to the gas station and tank truck-loads from the oil companies are at a reduced price. Most farmers deal through a local dealer whom we get to know and like and respect. He has overhead, he has an office, he has carrying charges, and if somebody doesn't pay he has to carry them—and eventually he has to charge all this back. He has to make a profit too, eh? So what happens is that we as farmers are paying more than you can buy it for at a bulk tank truck-load price.

There are several things you could do. One is to go to your local dealer—which I am reluctant to do because I've dealt with the same fellow for 27 or 28 years—and say to him, "Look, either you give me a break or we'll all get together in the community and

we'll get a reduced price." You can do that. You can say, "We are a group of farmers and we're prepared to buy about 10,000, 12,000 gallons of gas at one time from you and we want a reduced price." You would probably get that reduced price.

But then again there is a certain thing I look at, as a farmer, and that is loyalty. My dealer has looked after me for many years. I've seen him deliver gas to me on a Saturday, I've seen him deliver gas to me on a Sunday, and that costs him money. My loyalty is with my dealer whom I have dealt with for 27 years. I suppose if I wanted to be practical I'd get together with my neighbour and my other neighbour and we'd all buy from the same person. I could tell him he can take his silly tanks out of the ground that I have on my place and we'll take a big bulk tank truck delivery to all our farms on the same day and we'll get a reduction in price.

That is the farmers' prerogative and they have a right to do that. And they probably would get it at a reduced price because I know several farmers who have done just that. But that is a personal decision that has to be made. Going one step further—I am not passing the buck to anybody when I say this—I have written to the Minister of Energy (Mr. Baetz) and suggested that he talk to the gas companies about the problems farmers are faced with and the price we pay for our gas.

I would be better off to go down to the local service station, buy 400 gallons of gas—if I could haul it up to my farm—and put it into my underground tank. Then I could buy it cheaper than I could by having it delivered. But there are a lot of local agents who have looked after us for many years, and they have carrying costs and many other factors that are involved and they have to make their markup too. There is a bit of a gray area here, but they are given gas at a certain price from the various companies. So it does create a problem, and there is no doubt in my mind that farmers are upset about it.

I'm not giving you a full answer—I realize that—because there is no full answer. But if the farmers in your area were to get together as a group and go to one of the dealers and say, "We'll all buy from you if you give us a reduced price," you would probably get it. But then it comes back—and I say this as a farmer myself—to loyalty. I have a certain loyalty to my dealer, whom I've dealt with for 27 years.

[8:45]

Mr. Johnson: Mr. Minister, it isn't the dealers, it isn't the distributors, it's the pro-

ducers. To put pressure on the dealers is being very unfair. Surely it goes back to Imperial Oil and the rest of the manufacturers of the gas products that we are concerned with.

Mr. Wildman: The root of the problem in the rural area is that the rural dealer in many cases is paying more per gallon wholesale than the consumer is in the urban areas, retail; because the oil companies, as Jack indicated, are rebating or consigning gas to the large urban dealers, with a large amount of competition, at a much lower price than they are to the dealers in smaller rural areas who have less volume and less competition. As a result the consumer, in this case the farmer, is paying an awful lot more for his gas and for his fuel than the urban consumer is, and that leads to the extra cost of food.

If you talk about sending letters to the minister, I know John has sent letters to the minister and I have sent letters to the minister, and frankly I don't think they understand. They think what John and I are talking about is a northern problem, we are talking about a rural problem here.

Hon. W. Newman: Yes, we are talking about a total rural problem. The only example I can give you is personal example I have gone through myself with my heating oil. When I went to buy I said, "Look, there are four or five of us in this area, we will all buy from you if you give us a reduced price"; and they did. They went back to the person who gave them the fuel oil for the homes—Imperial or Shell, whatever company—and they got a better price. I think it is just a matter of farmers getting organized and saying to their dealers, "Look we'll buy more gas, all from you, if you can get a price from the oil company."

Mr. Wildman: Is there any possibility of UCO expanding into more areas and getting more involved?

Hon. W. Newman: They have the same problem that all the other dealers have. The thing is, as far as I am concerned, most farmers have a loyalty to the dealer they have dealt with for many years. If they could get together in the community, and I haven't done it in my community because I am not home again, but if they got together with the dealer and said, "We'll all buy from you, as a dealer, but we want a better price," I am sure they would get one.

But it is difficult; there is no easy answer to it, believe me, and it does concern me. If the dealers could get a better price—and believe me I will try to do what I can to see

if dealers can get a better price, because I say to our small dealers who supply us, "If you want to go on a direct contract with one of the oil companies for a group of farmers, you will get a better price." I personally am not prepared to do that, but some farmers may, and will probably get a better price.

Mr. Lane: On the same subject: I think the minister is right, there is no easy answer to this. I think the debate we had last Thursday may be of some use to us, because it did get a commitment from the minister—

Mr. Acting Chairman: Just a minute, is this a follow-up—

Mr. Lane: Yes; supplementary. I did get a commitment from the Minister of Energy to monitor the situation and report back to us if there was any way that they could correct the situation. We also had a number of oil company officials in the gallery that day. I spoke with some of them afterwards and they are now more aware of the concerns we expressed than they were before. Also, I had a commitment from the minister that if I know of any individual situation that appears to be a ripoff to let him know and he will have it investigated from his ministry and see what might result.

Mr. Wildman: I have given him several already and he hasn't done anything.

Mr. Lane: We are going to be pushing. I think we have to get some relief for farmers if we can.

Hon. W. Newman: I agree, because everything that the farmers get in the way of a break—or a fair shake, should I put it that way—that's really passed on to the consumers in this province, and that's something we should remember.

We talk about farm programs, stabilization, we could talk about all our various programs. Really, every program we have got in this ministry, every dollar we pay out in this ministry, is really a consumer subsidy, because the consumer would be paying a lot more for his or her commodities if it wasn't for that. I was pleased to see the Federation of Agriculture is going to come out with its own farm index pricing on agricultural products, because it is very important.

The food price index, the consumer price index, went up last year, I have forgotten the exact figure right now; but, by and large, it is not because of the farmers of the province of Ontario. It is because of the imported products we buy: the citrus fruits up 50 to 100 per cent, coffee up 150 per cent and tea up; and we get blamed for it.

I get a little bit tired of that because, as you know, the farmer's income was down

last year in the province of Ontario; and their projected net income for this year will be down. Their gross income might be up but because of inflation and other things their net income is going to be down. I get a little bit tired when people start blaming the farmers of this province who as it is have a difficult time making a living. And it really bothers me.

I believe negotiations for salaries and wages and so on and so forth are coming up this year in all the major food chains, and that is going to be passed on to the consumer. There's no doubt about it. I agree with that. It has to be done. But by the same token, don't blame the farmers for everything. I feel very strongly about that. The farmer gets blamed for a lot more than he should get blamed for.

Mr. Mackenzie: Can I go back for a moment to your housing assistance? I understand \$600,000 is what you have spent on that.

Hon. W. Newman: It was allocated; \$135,000 was not spent. This is seasonal housing help.

Mr. Mackenzie: Just for my own information, does that apply to Canadians who might be housed, as well as anybody who might be brought in from another country?

Hon. W. Newman: It's for anybody but it's for the Ontario farmers; for example, if they have to put in washroom facilities for seasonal workers to make it more habitable.

Mr. Mackenzie: The application is from the farmer himself?

Hon. W. Newman: Yes. The applications come from the farmers.

Mr. Mackenzie: Are there any set standards? I suppose there are.

Hon. W. Newman: That's a good question because in some areas of the province, certain municipalities have higher standards than others and we work with them on this problem. We have had excellent co-operation. They say you can't do this unless you meet these certain standards, which are very high. And after talking to them we have, by and large, had excellent co-operation, with the exception of one or two municipalities.

Mr. Mackenzie: Who does the inspecting or the auditing?

Hon. W. Newman: The auditing is done through our ministry.

Mr. Mackenzie: But somebody checks to see that you are getting value or that the standards are met or that the subsidy that's given is for that purpose.

Hon. W. Newman: We are guided by certain municipalities in what guidelines they set up for their municipalities. And we talk to them. One very strong thing about seasonal working accommodation is that it is not to be year-round accommodation. This is made very clear. Of course, there is always a concern from some of the municipalities that the workers are going to stay year-round and that is not necessarily true, because we just say that it is for seasonal workers to come in.

Mr. Mackenzie: Is a set amount allowed or does it depend on the circumstances?

Hon. W. Newman: I think it is 40 per cent up to \$3,000.

Mr. Ruston: I want to check on the grant for capital purposes. When a farm changes hands does that change? Does that capital grant go with the farm or with the farmer?

Hon. W. Newman: No, that's a very good point. I'm glad you brought that up. We've been discussing that this year. If a 100-acre farm has received a total capital grant and it turns out that the farmer's son takes over and buys the farm from his father, he is still entitled to the capital grant on that farm. One of the reasons for allowing this to happen is because we feel with new and modern technology that if the farmer's son or somebody else takes over the farm, he should be allowed to take advantage of this capital grant program.

We could very easily—and we may—tighten up on this program but right now one of the reasons the Ontario farmer is perhaps one of the most efficient farmers—or the most efficient farmer in Canada, maybe in North America—is because of the capital grants program. I'll use an example: The father on the farm may put up a grain storage bin but the son may take over the ownership of the farm from him and decide that he wants to expand his milk production, fix up a stable, add more stalls for his cattle and buy some quota or whatever—I know the capital grant doesn't cover quota—so it does carry on from farm to farm.

There are some problems with that; there is no doubt about it. Do you hire another 200 people or 100 people to police the whole thing to make sure it is run properly? By and large, it has worked very well and, as I think I said in the estimates last December, there is bound to be the odd person who is going to take advantage of it. They have to sign affidavits. They have to have their bills and everything has to be there. It's difficult. If I had another 600 staff, we could look at the whole thing. But the grant is, by and large, to the farmer and not to the farm.

Mr. Wildman: I have a couple of questions in regard to comments the minister made in explaining the \$739,000 required under the farm tax reduction program. On the matter of the amount of money that was saved under the tile drainage, you mentioned that there's more interest in eastern Ontario and northern Ontario than there had been in the past, although there is still a great interest in south-western Ontario.

Do you have any information for us as to the amount of money spent over last year in the east and the north as opposed to western Ontario, as an indication of how much is being used? I know in northern Ontario there is more interest, as you say, but we're still an awfully long way behind other parts of the province in the tile drainage program.

Hon. W. Newman: I believe that in eastern and northern Ontario last year we made special allowances for those areas because we're just starting to really move into tile drainage. You talk about land reclamation and cutting out the trees and making more land available but tile drainage could be just as effective as all the other programs. The actual figures I can't give you, although we could give it to you by counties.

Mr. Wildman: I'm just interested, let's say, in Manitoulin and Algoma.

Hon. W. Newman: Okay, if you hang on we can give you the exact figures.

Mr. Wildman: In relation to that you also said that in the beef-calf stabilization program, you would save quite a bit because of the higher prices than you had anticipated.

Hon. W. Newman: One point two cents higher than we anticipated.

Mr. Wildman: I know they weren't that great. They were better. You said that one cent was a million dollars, is that right?

Hon. W. Newman: That's about it.

Mr. Wildman: Had you ever considered perhaps raising the stabilization price, rather than saving the money and making a bigger payout to the farmers under the cow-calf stabilization program?

Hon. W. Newman: That's a great question. Actually, this year we set it at 51.5 cents, as you know. It was 38.9 cents—or 38.2 cents; that was the final figure we came up with. We worked it out on a formula basis and came up with 51.5 cents, which I announced last May.

Mr. Wildman: It is still quite a bit different from what the cattlemen claim is the cost of production.

Hon. W. Newman: Well, that's right but let me give you another example. I don't like to

do this; I don't like to get political but I'm going to get political. On the federal program this year they paid out \$5 a cow; we're paying out \$38 a cow in 1977-78. So that will give you some idea of the program we have. That's why we don't have the farmers out there picketing as in western Canada. Because our program is much richer. Our total payout this year was \$14.8 million and the total recovered from the federal government was about \$1.4 million.

Mr. Wildman: I'll accept that, but it never crossed your mind that perhaps it could be 52½ cents rather than 51½ cents?

Hon. W. Newman: Well, let me put a proposition to you. I'm glad you asked that question. In the coming year—and we haven't got the formulas in yet and we'll try to be announcing it as soon as we can in April or late March or early April—suppose we went to 53 cents. For every cent that the price goes up, the premium for cows should go up \$3.83. Would you rather have 51.5 cents and an \$8 premium or would you rather have 53 cents and a \$14 premium?

Mr. Wildman: Well, that's a bit of a catch 22.

Hon. W. Newman: I'm just pointing out to you that these are the sorts of decisions that I have to make in the next few weeks; I say 53 cents but I don't know exactly what it is; I couldn't tell you. For tile drainage last year in Algoma it was \$5,700 and in Manitoulin it was \$6,900, but the initial allocation was \$10,000, I believe. It got reallocated but in those areas, they could probably have got almost anything they asked for within reasonable bounds.

Mr. Wildman: That's right. Okay.

Hon. W. Newman: Unless you decided to buy 1,000 acres and wanted it all tile drained in one year.

[9:00]

Mr. Wildman: You mentioned the restraint program and the problems you are facing. Do you anticipate cuts in the rates of subsidy programs as a result of the restraint program or do you see yourself maintaining the present rates of the various things like fencing or twine or whatever?

Hon. W. Newman: I see cuts in some and increases in others as far as grants are concerned.

Mr. Wildman: You don't see across-the-board cuts?

Hon. W. Newman: As far as assistance to farmers is concerned, I never look at it as a subsidy, I must remind you.

Mr. Wildman: I understand the wording and the nomenclature. The subsidy is to consumers. I will accept that.

Hon. W. Newman: Some will go up and some will come down. It's a matter of balancing it out as to what we think is the best thing to do for the province.

Mr. Wildman: But you don't see any across-the-board cuts?

Hon. W. Newman: There will be some cuts because we have to balance our budget. Our total budget probably will be higher than last year. I shouldn't be saying this until they are final but there will be some cuts. In other areas, there will be increases to allow for situations that may occur. The farm tax reduction program is a good example. I expect that will be higher this coming year.

Mr. McGuigan: I don't know, Mr. Chairman, if this is allowed under assistance to primary food production. I made a speech in reply to the Throne Speech on March 3 in which I made quite a few suggestions for improvements in packaging to effect savings that could be made in the fruit and vegetable industry. I wonder if the minister has looked at that or is he familiar with it?

Hon. W. Newman: I would like to say in the case of fruit, meat, vegetables and every other commodity—you name it—that really it's a matter of consumer choice and consumer education. We could actually save many millions of dollars if the consumer would accept—

Mr. McGuigan: We are talking about two different things.

Hon. W. Newman: I am sorry.

Mr. McGuigan: I am talking about the master container from the farm to the store, not the actual consumer package. I could run through that again if you want.

Hon. W. Newman: Dr. Rennie tells me we are doing some research on that now. You are talking about the pallets or whatever it may be as far as research goes. I am not that familiar with it, it would be quite honest to say.

Mr. McGuigan: I have been around chain stores all my life delivering to them. It has really been a sore point with me that through the years farmers have been accused of inefficiencies and yet every farm today has pallets and lift-trucks. We are handling these things with the most modern equipment but when we back up to the chain store door we are using a system at that point that was in effect 40 to 50 years ago.

It hasn't really improved one bit in that all of the packages that go in the back of that store were really designed for the Ma

and Pa store. They're using cartons that hold a dozen of this or a dozen of that and so on, whereas these things could be put in in bulk using various returnable containers.

You are familiar with the fibreglass container the milk people use. It goes through many times. We have a unique situation here in Ontario because of the protection that these lakes afford us. We are a land-locked area here. We can develop a system from farm to retail outlet that could save millions of dollars for both the producer and consumer and would make us much more competitive in our own market. It would require some changed thinking and a lot of innovative ideas but the opportunity is there.

Hon. W. Newman: Yes, I understand your thoughts about it and you are much more familiar with it than I am. I am just a farmer, so I don't know all the answers. I will give you an example but I won't mention the particular store of a food chain store that has made a very great success of using pallets right within their store. I am thinking of a particular store. As a matter of fact, I am supposed to have lunch with a person there tomorrow. He has taken advantage of this and has been able to reduce his price to the consumer by a great deal. It's a very successful operation. It's not a big chain; I think they have two or three stores.

Mr. McGuigan: Is that the Hypermarché concept?

Hon. W. Newman: That's one of them, and Knob Hill is another one. I don't like to pick out any particular store, but at Knob Hill Farms, you walk in there and they've got it lying there on great big pallets. They have drawn the people there and they've been able to sell more cheaply. That's the story of their success. Also, we are getting great co-operation with our logo—I won't mention which stores since we are getting more co-operation from some than from others—but we are getting co-operation from them all. Hopefully, at the end of the next year with our logo and with our promotional program—it's been very successful; I gave you the figures yesterday so you have an idea of how successful it has been.

Mr. McGuigan: I think it's only a start on what could be done.

Hon. W. Newman: That's right; I agree. I think there's a long way to go. We were talking earlier about the OFA running its own consumer index showing the situation as far as farm prices are concerned. I think that's great, and it is going to make a lot more of the other stores that are selling the commodities much more aware of it. I just

think there are a lot of economies that could be made.

Mr. McGuigan: I'd like to suggest, though, that to really carry this out would require some enabling legislation. We had returnable containers in the old banana box, and over in Michigan they used to have what they called the Owasso crate, which was a returnable crate which carried a deposit. These things died a sort of natural death because the system was abused. So what we need would be enabling legislation to look after it. Of course, it would require a lot of study first of all, but I would suggest that we could start making some of the studies.

Hon. W. Newman: I believe we are—we are working on it now. Although I have some legislation coming forward shortly, and I shouldn't say this, I think we can over-legislate sometimes. But we are doing some studies, as Dr. Rennie says, on this particular matter. How far do you go with legislation? If you have noticed, in the last couple of years I've had some controversial legislation, but I try to leave legislation to a minimum because I think you can over-legislate some things. As Dr. Rennie says, we are working with the Ontario fruit and vegetable growers people now on this.

Mr. McGuigan: I guess I would agree; but if a person were to put money into a master system, he would have to be protected, to know that all his neighbours weren't grabbing his containers and taking them home. That's what killed the banana box and the Owasso crate system.

Hon. W. Newman: I appreciate your suggestion, Jim, because I know that you have had a lot more experience in this than I have.

Mr. Chairman: Any further discussion on the estimates?

Mr. Ruston: Print some more money for tiling, and we will be all set.

Hon. W. Newman: Wait a minute, where are you going to take it from?

Vote 1802, item 5, agreed to.

Mr. Chairman: This completes the supplementary estimates of the Ministry of Agriculture and Food.

SUPPLEMENTARY ESTIMATES, MINISTRY OF NORTHERN AFFAIRS

On vote 903, regional priorities and development program; item 2, northern roads:

Hon. Mr. Bernier: I don't have a prepared opening statement, Mr. Chairman, but I would just like to introduce members of my staff who are with me tonight. Mr. Ron

LeNeveu, who is the executive director of planning and administration, is to my immediate left; and to his immediate left is Mr. Mike Gourley, who is the manager of financial services.

Gentlemen, we are asking your approval for an increased allotment of our printed estimates of about \$2.5 million. You will recall when the estimates of my ministry were before the Legislature we asked for your approval for \$43,295,000 for capital road construction in northern Ontario. Since that time, because of a number of circumstances—mainly, I think, because of the improved construction year, the unusually good weather—we accelerated a number of programs which forces us to ask for your approval of another \$2.5 million.

I would just like to go over some of the projects that were added on or accelerated; just to give you an idea. Number one was the add-on project of resurfacing a specific area of Highway 17, with the addition of four passing lanes. Number two was south of Savant Lake on Highway 599, where we did some major reconstruction. Number three was a project on the Armstrong road.

I might say that those three projects were in the Speaker's riding—in case you are interested. On the Armstrong road we did a major reconstruction—that is, grading, drainage, granular base and patching—for about seven and a half miles.

We also added on project number four, which is in the North Bay area; that is in connection with the North Bay bypass, again involving grading, drainage, granular base, paving and general rebuilding.

We added on project number five, which is in the Smooth Rock Falls area; it is a tertiary road. It was an accelerated program.

Number six was general reconstruction on Highway 129, which included grading, draining, granular base and a structure; that was an add-on to the program.

That gives you just some idea of the add-ons and the accelerations of the construction program. It is very pleasant, of course, to come back to the committee and ask for this approval, because it means that we are getting increased capital work programs in northern Ontario.

Mr. Acting Chairman: Mr. Minister, before you go on, I wonder if there are any members of the committee who would like to come up and review the map with the minister. Or are they certain of the areas that he has spelled out? Okay.

Mr. Germa: Mr. Chairman, I have been trying to get a cost breakdown of these

various projects in the past week, and I understood there was going to be a paper circulated here this evening which would show us the amounts and the details of these various projects.

Hon. Mr. Bernier: I can give you them right now if you want.

Mr. Acting Chairman: Would you like them now?

Mr. Germa: Yes, I would like to see that.

[9:15]

Hon. Mr. Bernier: If you want to give him the paper, Mike, I can give him the figures. These are on a general basis.

There is a 1977-78 cash flow of \$490,000 for item 1 in district 9. The next item, item 2, also in district 19, relates to Highway 599 and is \$700,000. Item 3, district 19, Highway 527, is \$470,000. Item 4, district 13, Highway 11, is \$820,000. That's Mr. Bolan's riding. Do you like that?

Mr. Bolan: It's not my riding.

Mr. Pope: No.

Hon. Mr. Bernier: Item 5 district 16, Smooth Rock Falls, Highway 634, is \$490,000. Then in Mr. Wildman's riding, district 18, Highway 129, is \$1.213 million.

Mr. Lane: Not a damn thing in my riding a tall.

Hon. Mr. Bernier: I might say for the benefit of the members, it brings our total capital program to \$45.795 million for the past year. You will have now realized that in the 1978-79 program we'll have about \$46.9 million. It's a nice add-on. I'm particularly pleased to be here and ask for your support and your approval.

Mr. Acting Chairman: Do we have a motion accepting the supplementary estimates of the Minister of Northern Affairs?

Mr. Wildman: Not quite yet.

Mr. Germa: Could I ask a couple of questions here? You said these were add-on things, but I think you've given us the total cost of these projects, have you not?

Hon. Mr. Bernier: Yes. The total cost is about \$4,183,000. There will be about \$2.5 million of cash flow this year. Two of the programs were not add-ons. They were accelerated programs. Items 3 and 4 were accelerated programs. In other words, we advanced the time of the calling of that particular tender.

Mr. Germa: It was advertised on July 6 and let on August 17.

Hon. Mr. Bernier: Right.

Mr. Germa: You say that that wasn't supposed to be let this summer?

Hon. Mr. Bernier: Oh, yes. But it was accelerated. In other words, it was called earlier than normally planned.

Mr. Germa: I see.

Hon. Mr. Bernier: The same with item 4.

Mr. Germa: Are any of these increases here as a result of an overrun on a particular contract?

Hon. Mr. Bernier: No, there are no overruns here at all. These are additional contracts because of the prime construction weather. It was felt that it was a good construction year, and we wanted to make sure we had a good cash flow and that we would meet our target. There is always a problem with regard to cash flow, contracts, tenders, and this type of thing.

Mr. Germa: Were new tenders called for this?

Hon. Mr. Bernier: Yes, they were all advertised. In the add-ons the regular tenders were called. It's pleasant news. It's good to come here. I wish it was higher. I wish it was \$5 million, not \$2.5 million.

Mr. Bolan: Dealing with item 4, this is not an overrun on the initial cost. As you say, this is a program which was accelerated because of the weather conditions.

Hon. Mr. Bernier: Good construction weather.

Mr. Bolan: It dovetailed with an existing program. Is that right?

Hon. Mr. Bernier: That's right. To make sure that we had reached our total allocation of \$43 million, we advanced the time of the construction call to make sure a cash flow will come out and we will have spent our total amount. I would sooner come to you with this kind of a problem than one that's underspent, quite frankly, particularly as it relates to northern Ontario.

Mr. Germa: What you're saying is, normally this \$2.5 million extra would be next year.

Hon. Mr. Bernier: That's right.

Mr. Germa: You're moving it from next year.

Hon. Mr. Bernier: That's right.

Mr. Germa: Is this going to reduce our budget next year?

Hon. Mr. Bernier: As I said a minute ago, our program for 1977-78 was \$43 million, if you'll recall, in the estimates. In the coming year it's going to be \$46.9 million.

Mr. Acting Chairman: I'd suggest before the chairman gets back, since he's from southern Ontario, maybe we should pass this.

Mr. Wildman: You are too.

Hon. Mr. Bernier: I thought the members of the committee would say we should come back for \$5 million, not half that. We can't be criticized for being political in these supplementary estimates.

Mr. Lane: I thought you might want to protest that you got too much.

Mr. Wildman: No, I don't want to protest that I got too much, but I want to ask some questions about Highway 129 and the contract as it relates to Hydro's plans at Patton Post north of Thessalon. Is there any part of this contract that would be flooded as a result of the proposed Hydro dam on the Mississagi watershed at Patton Post?

Hon. Mr. Bernier: Of that I'm not aware. Maybe some member of the staff would be. We don't have the information at our fingertips but we'll be glad to get it for you.

Mr. Wildman: I understand MTC is quite unhappy with Hydro in that Hydro's been talking about building another dam to bring the Aubrey Falls project and so on up to the generating level since I guess the 1920s or 1930s. They've been trying to find out from Hydro what its future plans are. Hydro, for a number of years, right up until the very recent past, said it had no plans to go ahead with a further project and so, as a result, MTC has been improving the highway, which needs to be improved, between Thessalon and Chapleau over a number of years with one contract after another. Not only has it helped to improve the road but it's also provided some local employment as well.

Now, as announced last fall, Hydro comes along all of a sudden and says it is reassessing its whole hydro water power generation as opposed to other types of electricity generation and that it is going to send in surveyors and so on to look at Patton Post to see if it will build a dam. I understand MTC was quite upset, and I had some discussions with the deputy minister, Mr. Gilbert, to the effect that if Hydro did build a dam part of the MTC contract area might be flooded, and MTC would have to build a highway around another route, which would mean it had spent some money on an area that would have been a waste, let's say, of the taxpayers' money. So, in a way, perhaps I am complaining about getting too much money.

Hon. Mr. Bernier: I'm not aware of those specific problems. In our first year of opera-

tion, of course, we've been following the five-year plan of the Ministry of Transportation and Communications. I have no reason to believe this problem is there or is that prevalent.

Mr. Wildman: I should make clear that I'm not in any way criticizing the Ministry of Transportation and Communications. I frankly sympathize with the ministry in that it has had some difficulty getting from Hydro exactly what Hydro is intending to do in the area. I know MTC was somewhat frustrated at the apparent plans of Hydro. I should make it clear that Hydro apparently has not made any firm plans as to what it might do in the area.

I would appreciate it if the ministry would look into that and determine how it affects Highway 120, and if Hydro is intending to build a dam to generate more electricity from the Mississagi, I hope the Ministry of Northern Affairs will not abandon Highway 129 and say, "The thing is going to be flooded," but that it will allocate funds over the next couple of years to get a survey team in there to find a different route for the highway so that it can put the road through an area that will not be flooded.

Hon. Mr. Bernier: I had the pleasure of being in Chapleau on Friday last.

Mr. Wildman: I realize that. I got a call from Mr. Aikens in Chapleau on Friday.

Hon. Mr. Bernier: I regret that there were no other members there to join in the very pleasant ceremony we had to officially open the new Northern Affairs office.

Mr. Germa: Why didn't you invite us?

Hon. Mr. Bernier: Yes, we did. Mr. Laughren, I believe, the local member, was invited and I suppose he was busy in the Ontario Legislature. We indicated at that time to the people at Chapleau that Highway 129, hopefully this year, would be completely hard-surfaced as part of our long-range program.

Mr. Wildman: I would hope so. I hope that Hydro will be quite frank with the ministry and indicate what they're intending

to do. In terms of Chapleau and so on, if the local member was not present I know he was there earlier in the month and probably provided the same kind of service that the local Ministry of Northern Affairs office could provide.

Hon. Mr. Bernier: He won't have to be there as often now because Northern Affairs is there.

Mr. Wildman: One question in relation to that, since the minister has raised that: I had a long discussion with Mr. LeNeveu by phone, which led to Mr. Aikens phoning me from Chapleau, as a matter of fact, on Friday last in relation to the isolated community assistance fund. I would like to indicate to the minister—I know, Mr. Chairman, that this doesn't really directly relate to roads—that I would appreciate getting copies of the releases regarding the fire protection grants, which I'm glad he's finally giving out to Algoma and which seem to be coming in in dribs and drabs through the local media. I have yet to receive any of the releases. That's just an aside.

Hon. Mr. Bernier: I think if you check your mail service, they will likely be there. It might not be as fast as we would like it to be but they'll get them to you.

Mr. Wildman: I realize the local Northern Affairs office received by Telex information on one of the grants while I was sent it in the mail.

Hon. Mr. Bernier: We're doing things for northern Ontario. I think that's the most important thing.

Mr. Wildman: I'm glad those fire protection grants are coming through. I'm glad that is happening.

Vote 903, item 2, agreed to.

Mr. Chairman: This completes the supplementary estimates of the Ministry of Northern Affairs.

Hon. Mr. Bernier: Thank you, gentlemen, for your kind co-operation.

The committee adjourned at 9:27 p.m.

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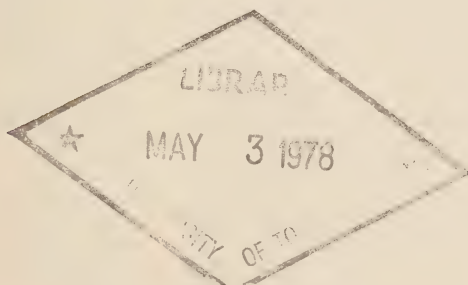
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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee
Estimates, Ministry of the Environment



Second Session, 31st Parliament
Tuesday, March 28, 1978

Speaker: Honourable John E. Stokes
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, MARCH 28, 1978

The committee met at 8:10 p.m.

ESTIMATES, MINISTRY OF THE ENVIRONMENT

Mr. Chairman: We have a quorum. Members of the committee, ladies and gentlemen, we'll call on the minister for his opening remarks. I think you're supposed to be allotted half an hour, Mr. Minister.

Hon. Mr. McCague: Mr. Chairman, and hon. members, I am pleased to present for your review the 1978-79 estimates of my ministry, amounting to approximately \$283 million.

The estimates of this ministry for the coming year reflect the activities of a government committed to environmental control during a time when there is justifiable concern for the economy. We must all be concerned today with the present state of our economy and with the unemployment prevalent in Canada, especially the lack of jobs for thousands of young Canadians.

Today, a government which is concerned about environmental issues must strive to be realistic about what it can do and we must be more effective in implementing what we must do in the area of environmental protection. Since assuming my current responsibilities I have discussed environmental issues and concerns with many people and with the representatives of many associations. I have listened to a variety of opinions and debate on these issues, and I have attempted to acquaint myself as quickly as possible with the details of my ministry's many complex and technical areas of activity.

I have learned that the province of Ontario can be justly proud of the strides which we have made in developing and adopting measures to safeguard the quality of our air and water and to enhance and protect our natural environment. We do not intend to retreat from the high standards which we have established in Ontario, but we intend to temper our policies with common sense and to take into account the economic factors which affect us today, especially our high levels of unemployment and the competitive position of Ontario industry both at home and abroad.

Our approach is going to be firm but realistic. Let me give you an example of how this will apply.

Recently, we announced new measures affecting carbonated soft drink containers. Specifically, we amended a regulation calling for a ban on all non-refillable glass containers for soft drinks which was originally scheduled to go into effect on April 1 of this year.

The amendment will permit the continued sale of soft drinks in non-refillable bottles in three designated sizes. This action will avert what the industry had estimated to be significant unemployment in the glass container industry, but we will still make gains in reducing the use of non-refillable containers by increasing the use of refillable bottles to a ratio of three to one. We have accepted a program of self-restraint proposed voluntarily by the soft drink industry which will limit the use of non-returnables to a ratio of 25 per cent and increase the use of refillable bottles to 75 per cent of industry sales based on gallonage by the end of 1979.

As a result of the amendment and the industry program, we anticipate a marked reduction in solid waste caused by throw-away containers and a steady increase in the use of the more environmentally-acceptable refillable bottles over the next two years and beyond. We'll get the job done without undue displacement in the work force and we'll continue to apply this regulatory philosophy with minimal economic side effects.

I will address our estimates for the year 1978-79 with the suggestion that we follow the activities as they are set out by vote. In order to assist you, we have provided an information guide which sets out the major programs of my ministry in the order in which they occur in the votes. I ask the hon. members to deal with these programs, and to ask any questions which you may have as they occur in the information guide in order to facilitate our discussion.

In the coming year, we are attempting to improve our level of service on many fronts, including an expanded public information service on behalf of our fish testing program. By the end of April we plan to make avail-

able to the public the results of tests for contaminants in fish from approximately 275 lakes and rivers which have been sampled and the fish analysed in the past year.

I am pleased to report that the ministry will again be hiring several hundred students this summer, including more than 400 in the Experience '78 program alone.

[8:15]

The coming fiscal year will again be an active one for our legal staff who initiated more than 150 prosecutions for breaches under the Environmental Protection Act, the Ontario Water Resources Act, and the Pesticides Act during 1977-78. While our prosecutions of pollution offences often make headlines, the processing of industrial and municipal approvals, a very important ministry activity, proceeds day by day with far less attention.

At a time when our economy demands that the wheels of industry and commerce keep turning, I am pleased to tell you that we have managed to reduce the normal turnaround time for the review, inspection, and processing of environmental approvals by about 50 per cent. We will continue to improve that service during the coming fiscal year as we anticipate the handling of close to 1,000 applications, as compared to approximately 900 processed last year.

One area where our work with industry has been particularly successful is in the field of air quality. Current analysis shows a marked improvement in the emissions of sulphur dioxide, suspended particulate, and carbon monoxide which has resulted from successful abatement.

The backbone of the ministry's air quality program is the pulse-taking network of air pollution index stations in eight major industrial centres, including Sarnia which was added this year. The ministry operates more than 1,100 air quality and meteorological instruments in 97 areas of the province, as well as a fleet of two mobile testing vehicles.

This year we will acquire, at a cost of close to half a million dollars, a new vehicle, the most advanced and sophisticated unit of its kind. This mobile laboratory, which has been developed and manufactured in Canada, will provide instantaneous, on-the-spot analysis of a wide range of contaminants including PCBs and hydrogen fluoride. The ultra-sensitive unit will combat a traditional problem for agencies like ours in providing data quickly in emergency situations such as the recent transformer fire in downtown Toronto which emitted small amounts of PCBs and similar compounds into the environment.

Technology such as our new mobile air laboratory is often the result of the intensive environmental research effort which forms the threshold of innovation.

The Provincial lottery is providing a new and effective source of funds for health research and health-related environmental projects which have been beyond the scope of our normal funding. At this time my ministry has nine projects under way, or approved, under this program. These include the testing of five substitutes for PCBs now being studied by Ontario Hydro. This research program is under way at Thunder Bay's Lakehead University where the staff is measuring substitutes for PCBs with respect to their toxicity and bioaccumulation in fish.

A second project is in progress at the University of Ottawa where a report is now being prepared recommending criteria for viruses in drinking water, following a ministry-funded sampling and analysis program which focused on the use of the Ottawa River as a source of drinking water and for recreation. Provincial lottery funds have also made possible a research study of methods to reduce levels of chloroform in water. This work is under way at the municipal water treatment facility in Belleville.

Concern for water quality is a traditional responsibility of Environment Ontario in our role of water resource management. In the past 21 years more than \$3 billion has been spent on water and sewage treatment in Ontario. Environment Ontario has constructed and operates more than 300 facilities serving some 200 communities.

Communal sewage facilities have been extended to 6.5 million people or close to 80 per cent of the population of Ontario. The ministry's capital construction program for sewage and water works has increased in total dollars from \$67 million in 1972 to \$185 million in the coming fiscal year. During 1978-79, 288 projects affecting 242 municipalities will be under active development, with 67 in the construction phase.

All in all, it will be an active year for our ministry in this traditional area of responsibility. It will also be a year of change.

Some \$18 million will be made available for up-front grants to municipalities, as outlined by the Treasurer (Mr. McKeough) in his budget statement, as will funds for the repair and renewal of private systems. At the beginning of 1978-79, a direct grant plan will extend provincial funding to municipally-owned sewage and water facilities. As you know, until now only joint provincial-municipal and provincially-owned projects have qualified for assistance.

The provisions of the new funding mechanism will be widely publicized but the important aspect of it is that the municipalities will receive subsidies directly from this ministry. The remainder of the cost—that is, the unsubsidized portion—will be financed by municipalities which will be encouraged to develop, own and operate their own facilities. The grant program will apply to single servicing projects and area works encompassing more than one municipality.

We will proceed, of course, with the projects for which agreements have been signed. In short, we will honour our commitments and we will continue in our role of safeguarding human health and the environment by providing laboratory and technical services to monitor water quality and to ensure effective plant operation. The ministry in the coming year will analyse more than 10,000 drinking water samples throughout the province to ensure that community water supplies are potable.

Our expanded laboratory operations have enabled us to undertake the increased work load resulting from our fish contaminants program and our growing concern for toxic substances such as PCBs. More than a million lab tests a year are conducted at our complex in Toronto where the development of new technology and the acquisition of the most advanced equipment provide Ontario today with a valuable environmental asset. Regional laboratories in London, Kingston and Thunder Bay are continually updated to meet growing demands.

The purpose of the Ministry of the Environment's resource recovery program is twofold: To find productive uses for what we throw away and to encourage society to throw away less. The current energy situation has some very important implications that are reflected in the current thrust of our program to develop productive uses for waste material. We are involved in a number of studies of the feasibility of using waste as a fuel, including a project in the Lindsay area involving domestic garbage and another in the northern lumbering community of Hearst involving wood wastes.

I am pleased to tell you that the "watts from waste" project in Metro Toronto has reached the final design stage with construction expected to begin this year. Its purpose, as many of you know, is to recover the energy value from about a quarter of a million tons of garbage each year by using refuse-derived fuel as a partial replacement for coal at the Lakeview generating station.

Under agreement between Ontario Hydro, Metropolitan Toronto, and the Ministry of

the Environment, we will provide the complete cost of alterations at the generating station and help pay for the associated engineering and land acquisition costs. Similarly, Environment Ontario will provide waste material under an agreement with Canada Cement LaFarge Limited to study the full-scale use of refuse-derived fuel as a fuel supplement in the company's cement kiln operations in Woodstock. Other cement companies are closely watching this demonstration project and, looking ahead, we may anticipate wide-scale industrial use of this kind which would provide both significant economic and environmental benefits.

The processed waste material for these projects will be supplied by our experimental plant for resource recovery in Downsview. This facility has been in partial operation during the past year and will become fully operational this spring.

I have outlined some of the major environmental issues which we face today in Ontario and the major programs and measures which we have undertaken to meet these challenges. Should you wish to have any points clarified by myself or our senior staff, I suggest once again that we follow the order in which these operations are outlined in the green book which corresponds to the pertinent pages in the estimates for 1978-79.

We ask your co-operation so that we may have appropriate technical staff and branch directors in attendance only when their specific activities are scheduled for review. I'm certain that ministry staff will appreciate your assistance since most of our sessions will be held at night outside regular working hours.

Mr. Chairman: I will now call on Mr. Gaunt, the Liberal critic.

Mr. Gaunt: I was tempted to actually read my last year's speech and put it on the record again, because it doesn't seem very long since we have gone through this exercise. It was just long enough that no one would remember my speech on November 28 last, and it's short enough that nothing really has changed in the interim. But I resisted that temptation, easy as it might have been. I do want to make a few comments and review some of what I consider to be the problem areas in the ministry and which in my view have been problem areas for some while.

This is really the first time I have had a chance to review with the new minister the estimates of the Ministry of the Environment, and I want to take this opportunity to congratulate my friend on his appointment.

I hope it works out for him and for the people of the province. I think it's a very challenging portfolio. It's a very important portfolio and I hope that we make some substantial progress in the area of environment when this minister occupies the chair.

I was encouraged, and I think my friend from Beaches-Woodbine (Ms. Bryden) was as well, at some of the developments and movements that were taking place in the ministry. Then all of a sudden we are confronted with a new minister and we have to start all over again. I suppose that's why I could have repeated my last year's speech without any qualms. The conventional wisdom around here is that one has to repeat the same speech about 20 times before things start to happen and I think I could have got away with that.

But in any event we are dealing with a new minister and I think that I will be talking about some of the same things that I talked about last year. For those who heard it, I just ask you to bear with me. I suppose I feel a little bit like the jockey at the racetrack. He's never sure what horse he's going to be assigned to until a few days before the race. I guess that's the way one feels around here when ministers switch from portfolio to portfolio, sometimes at a fairly rapid pace. It keeps one busy keeping up with who is occupying what position.

Mr. Hennessy: I hope you didn't call Lorne Henderson a jockey.

Mr. Gaunt: He needs a big horse, that's all I can say.

I was disappointed with the minister's statement, just after he was sworn in. Perhaps I can start at that point. It's a statement I think that has come back to haunt the minister on a number of occasions since.

He indicated, according to press reports, that he considered the environmental laws of the province—I think the quote was: "plenty stiff." I have read all the press reports concerning the minister's statement and I am really not too sure what he meant. There seems to be the same sort of tone in the minister's statement here tonight where he indicated that the government is committed to environmental control during a time when there is justifiable concern for the economy. There's a tone, particularly in the first part of the speech, that makes me wonder if the minister and the government is really pulling back from some of the programs and commitments which have already been made.

With respect to the quote about the environmental laws being plenty stiff, if the

minister was dealing with environmental requirements as they apply to farmers, and the fact that people in some cases infringe on farmers' property and then complain about the odours, then I can have a certain sympathy with the minister. He and I share a somewhat common background in that respect.

[8:30]

If he is talking about environmental laws being plenty stiff on industry, particularly the pulp and paper industry and other industrial dischargers throughout the province, then I am afraid that I would have a sharp disagreement with him on that basis. I don't think the province has been nearly stiff enough in enforcing its own regulations. In many instances, the regulations are in place but we just simply don't enforce them.

So I really am seeking some information from the minister as to what he had in mind in respect to that statement. If it were just a matter of him engaging in some euphoric meanderings that were based on his delight at being assigned a new and important portfolio then that is one thing; but if the statement were a rational, deliberate statement, well thought out beforehand, then that is quite another matter.

So I hope the minister clarifies that because it is of concern. Surely we won't have to go through the next two or three years trying to convince the minister that environment and the health of people are not negotiable items. He should be clear that those are important matters and the province's commitment to them should remain firm and even increase, and that as far as the employment picture is concerned, in many cases the environmental controls which are required create additional employment, not destroy employment opportunity as he seems to indicate in the statement.

I think I will start off with the matter of recycling and resource recovery. I really do this for two reasons. The minister is new and hopefully we can convince him to give more leadership and direction to the conservator society than has been forthcoming in the past. The minister mentioned recycling and the resource recovery matters in his opening statement. He mentioned the "watts from waste" project—and mind you, that project has been run through so many times it's almost a source of laughter, similar to the Dow suit situation. As I indicated last year, the minister and I have gone through all the stages from puberty to menopause to almost senility while we are watching this Dow suit be resolved or even get to court.

While I am on that, is the Dow suit now being settled out of court as was indicated last fall? The Attorney General (Mr. McMurtry) had indicated that it was at that point, and then later on, near the close of the session, he indicated that there were some problems—that the parties couldn't come to agreements on how damages would be paid and in what amounts. So I would be interested to know about that.

With respect to the "watts from waste" project, last year on November 28 the minister indicated that all the necessary environmental and OMB hearings had been completed and the project was in the final design stage. The minister indicates tonight that it's got to the final design stage in some four months, so I guess we are making some slow progress in that respect.

But with respect to recycling and resource recovery I think it is important that the minister pursue that with all of the political will at his command. We have 1.7 million tons of garbage every year in Toronto and it continues to grow and will likely double in 10 to 12 years, given the current trends.

The ministry's program, the funding of the capital costs for solid waste recovery systems to the extent of 50 per cent to be recovered over a 40-year period, hasn't really drawn many municipalities into that program and, as I indicated last year, I think there is going to have to be some new initiative in that respect.

The major problems are marketing problems but, as the people in the United States have proved, those problems can be overcome; and if they can be overcome there, they can be overcome here. I think it just needs a little thrust and a little ambition on the part of the ministry and these things can be dealt with and resolved in favour of resource recovery plants, which I feel we should have.

I think the minister has to give some sustained leadership in this direction. Last year we talked about municipal garbage, and I stress again that I think one of the companies that built a plant down in Milwaukee—I might as well mention the name, American Can—is quite prepared to do the same thing here. Based on the information I have—and this comes to me fairly directly—they would be prepared to enter into negotiations with, say, Metro Toronto to build a similar plant whereby they would handle all of the garbage from Metro. If the plant in Milwaukee is any indication, it could handle about 90 per cent of the garbage from Metro Toronto, with only 10 per cent going into landfill. Metro Toronto would pay the

company so much a ton as a handling and disposal fee and then would have an option to buy that plant.

That's only one alternative. That's what they call a front-end plant, as opposed to separating at source, which perhaps has more merit. All I'm saying to you, Mr. Minister, is that we should get something of that nature going in this province to indicate to municipalities that there are better ways in which to handle garbage rather than dumping it all into landfill sites. In that respect, I repeat that I think we should be doing what they are doing in British Columbia. We should set a limit and say, "By 1980, 1981 or 1982"—whichever year one picks; it's arbitrary—"there will be no more landfill sites after that date. These are the alternatives we give you and we'll assist you in any way possible."

Given those circumstances, I am sure the municipalities would start to look for other alternatives and indeed, along with the ministry, would more actively pursue some of these other courses and methods of dealing with garbage.

I know that the technology is there. The political will on the part of this ministry seems to be lacking but, with a new minister, one hopes that particular problem can be resolved. I urge the minister to pursue this course of action as vigorously and as intently as he possibly can, because I think it has important implications, as the minister has said tonight, with respect to our energy problem and our energy requirements over the next few years.

Let me just deal with another very simple matter of resource recovery and recycling; it concerns the matter of waste paper around this complex. I mentioned it last year. The Donman report has talked about it and there was a study in November 1973, I believe, concerning the fact that there are 21.3 tons per week of all types of office waste generated at Queen's Park. Of this 5.1 tons are prohibitive materials and cannot be recycled; 3.5 tons are out-throw papers, magazines, hard cover books, newspapers; and 12.7 tons are special consideration items and potential markets exist for these.

Out of the 21.3 tons of waste paper per week around Queen's Park, about 16 tons per week could be recycled. My question is, why not and when? Really, we have the markets. Last fall, I mentioned that I hated to house-clean my office. I can report to you, Mr. Minister, I have house-cleaned it and recycled all the paper. I called up the Is Five Foundation; they came and picked up all the waste paper and recycled it. On

that basis I house-cleaned my office which was about three years overdue.

All I'm saying is that the minister can start, even in a modest way, by doing something like this. If the Is Five Foundation can do it—and they're moving forward with many paper recycling programs across the province—surely the government could have enough initiative, energy and thrust to engage in a paper recycling program around this complex.

I mentioned that the ministry's report on paper recycling came in during November 1973. I'm sorry; that came in during August 1976. It was the "watts from waste" program, I think, that started in 1973. I got my dates mixed up on that one. But when the ministry's own report on paper recycling was filed in August 1976 it listed a number of useful steps that the province could be taking to promote paper recycling in the province. All I can conclude from the actions so far is that recycling is not a high priority with the ministry at this time.

The recommendations of that particular report included that a recycling program be implemented within the Ontario government, that the government encourage investment in recycling facilities, particularly waste news de-inking and that the government sponsor an investigation to develop other uses for waste paper. In my view, these are some good recommendations and I certainly feel they should go forward immediately.

I think I've said enough about recycling. I want to make some comments about toxic chemicals. I'm certainly very concerned about the problems of toxic chemicals in our environment. We all know that there are toxic and harmful substances out there but we don't seem to know enough to be able to control them. It seems to me that every other week some new toxic chemicals are found in our fish or waterways.

What really concerns me is that your ministry has always been operating in a reactive mode. Let me give you an example. When the problems of PCBs and Mirex came to light a couple of years ago, having been identified by the Canadian and US federal authorities, your ministry reacted and proceeded to find out the extent of the problem in Ontario. I would like the minister to tell us, if he can, what preventive measures he has taken with regard to these toxic substances.

When can we be reasonably sure that problems similar to those of PCBs and Mirex will not happen again in Ontario? We must be able to identify potential toxic pollution problems in Ontario before they become

crises. It seems to me that you need to know a lot more about toxic chemicals in Ontario if you're going to prevent these problems.

Specifically, I would like the minister to tell us what his ministry has done since the publication of the hazardous substances list and handbook in December 1976. This handbook, prepared by the ministry, identifies a list of chemical substances which require immediate detailed study. These substances include lead, nickel, mercury, arsenic, cadmium, asbestos, PCBs, vinyl chloride, chromium, PAHs and radionuclides.

I might add that these priority chemical substances were determined by your ministry in co-operation with the ministries of Health, Labour and Natural Resources.

The report also contains a list of 19, I believe, chemical compounds which are known to be carcinogens. According to the report, two of the 19 compounds are known to be used extensively in Ontario. These are dichlorobenzidine and methylene dichloroaniline. Other compounds, namely hydrazine, magenta and auramine, are known to be used in Ontario, but information on the extent of their usage is limited.

[8:45]

The obvious question is, what specific programs do you have in mind for these compounds which I have mentioned and which were identified as high priority substances in your own ministry's report back in 1976? What about the two substances which are known to be carcinogenic that are used extensively in Ontario and the other four carcinogenic materials on which your ministry has insufficient information?

What I am saying to you now is nothing new at all. The problems of toxic substances in Ontario have been recognized for quite some time. Let me give you an historic account of what has transpired over the past few years in Ontario.

In the spring of 1976, a status report on the persistent toxic pollutants in the Lake Ontario basin was prepared by the Great Lakes Water Quality Board of the International Joint Commission. It identified a group of toxic substances with known potential adverse effects on aquatic life and public health in the Great Lakes, with emphasis on Lake Ontario. The board made the findings of this report public at its December meeting in 1976. It recommended to the government agencies, including your ministry, that they collect, analyse and disseminate data on sources and environmental distribution of persistent toxic substances in the Great Lakes system. The same report also urged jurisdic-

tions to identify raw materials, processes, products, byproducts, waste sources and emissions involving as a priority persistent toxic organic substances.

It further suggested that governments collect quantitative data on these substances together with recommendations on their handling, uses and disposition. All these specific recommendations were subsequently incorporated into the water quality board's report to the IJC in July, 1977. Just recently the IJC released its own annual report on Great Lakes water quality in which the recommendations of the water quality board pertaining to toxic substances were strongly endorsed by the commission. The IJC also supported similar recommendations from its own research advisory board urging governments to provide more complete information on toxic substances.

Unless we have sufficient information on the types and quantity of toxic substances being used in Ontario, we will always be reacting to crises. Unfortunately, your ministry is in this reactive mode right now, reacting to crises, attempting to put out fires whenever there is a crisis with toxic contaminants. At this point in time we simply do not know the sources of many toxic contaminants in Ontario, let alone the amounts. We have little idea what is being used by industry, although the ministry does have an interministerial committee, I believe, an interministerial hazardous substances committee, looking at these matters. I really don't know how active that committee is. I don't know what it has done in the past few months and I'd like to know. It is an important committee and it has a lot of important work to do and I just wonder how far we've got in that respect.

We have little idea of what toxic substances are being discharged into our waterways. Without such information, how can we, or how can you as Minister of the Environment, adequately protect the people of Ontario from these toxic substances? The best you can do is clean up after the fact.

I urge you to take the recommendations of the Great Lakes Water Quality Board seriously. It has been close to 16 months since the recommendations were made public. I suggest to the minister that he should also look at the report entitled Polychlorinated Biphenyls in the Ontario Environment prepared by your own ministry. This report was prepared by the PCB committee of the Ontario Ministry of the Environment and published in July 1976. Just let me quote some of the observations and recommendations made in this report:

"In order of priority, the following is a list of study programs that should be undertaken to broaden the knowledge on the sources and fate of PCBs in the environment.

"1. Industrial effluent monitoring. Programs in this area have, to date, been fragmentary.

"2. Air monitoring, especially with respect to emissions from incinerators and other potential point sources. Also air transport of PCBs via rainfall and particulate fallout, together with modes of entry of PCB and fate of PCB in air should be investigated.

"3. The evaluation of the effectiveness of municipal sewage treatment processes for the removal of PCBs."

These are just some of the observations and recommendations made in this report back in 1976. What specific programs has your ministry undertaken to implement these recommendations regarding PCBs in Ontario?

While we're on the subject of PCBs, I note from your ministry's listing of research projects for the year 1976-77 you have a research project, I believe, under way to determine PCB formulation in the matter of sewage chlorination. I believe this study was assigned to the pesticides section of your laboratory services branch and given a reporting date of December 1977. The objective of this study was to investigate the potential formation of PCBs in sewage treatment plants as a result of the chlorination of biphenyls which originate from industrial discharges and other sources. In view of the fact that nearly all sewage treatment plants in Ontario use chlorine as a disinfectant, this study strikes me as being very significant and relevant as it stands today.

I understand that this project, unfortunately, has not been given the priority it deserves. As a matter of fact, we are over three months beyond the completion date now and the project is nowhere near completion, as I understand it. I gather that the reason for the indefinite delay is a lack of manpower within the ministry. I know we all have limited resources, human and financial, but I want to know why this particular project was given such a low priority. The study is now half completed and it's being held in abeyance due to misallocation of manpower, or money, or whatever.

I urge you, Mr. Minister, to reset some of these priorities so this important project can be completed. If, indeed, we find out that there is a significant amount of PCBs being formed as a result of chlorination then we ought to review the current chlorination practice in Ontario. Certainly, it does not make sense to delay such an important study.

I note that the Canada-US Great Lakes water quality agreement of 1972 is presently undergoing extensive review by both countries. Ontario is taking part in this important review as an equal partner to the Canadian federal government. In my mind, this agreement is of great importance to the people of Ontario because it deals with the sharing of the Great Lakes, a most valuable natural resource, with our American neighbours. I believe this agreement has served both countries well in the sense that it has stemmed the deterioration of the Great Lakes water quality.

However, much work needs to be done by both countries in the areas of toxic substances control and meaningful enforcement of existing environmental laws. The reviewing process for this agreement has been going on for some time, I understand. I believe since April 1977. I understand that the formal negotiations between senior civil servants from both Canada and the US will take place very shortly; I believe in a couple of days. I believe they start on March 30, which is in a couple of days.

As an equal and participating partner to the Canadian government in dealing with our American neighbours, the Ontario government can play a very important role in ensuring that the interests of the Ontario people are well protected. I urge you, Mr. Minister, to make the following point when you negotiate with the Americans:

We in Ontario must insist on equal sharing of the Great Lakes with the US. We must insist to our American friends that they put extra effort into cleaning up municipal pollution from the cities of Detroit and Cleveland. Schedules of compliance for these two cities have consistently fallen behind since the signing of the agreement. As pointed out by the IJC, Detroit and Cleveland currently account for almost 70 per cent of the municipal phosphorus loadings into Lake Erie. If equal sharing is to have any meaning at all, the US must put extra efforts into its cleanup, especially of these two major sources of pollution.

While I'm still on the subject of Great Lakes water quality, I would like to bring to the attention of the minister that the IJC recommended in May 1977 that a list of new and revised water quality objectives be incorporated into the new agreement. These new water quality objectives include persistent toxic substances such as aldrin/dieldrin, chlordane, DDT, endrin, heptachlor, lindane, PCBs and other organic contaminants. The commission also recommended specific water quality objectives for inor-

ganic substances such as arsenic, cadmium, chromium, lead, mercury, zinc, fluoride and total dissolved solids.

These water quality objectives as recommended by the IJC for inclusion into the new international agreement have a special significance as far as Ontario is concerned. Under the Canada-Ontario agreement respecting Great Lakes water quality signed between the federal and Ontario ministries of the Environment on March 12, 1976—that was under your predecessor, Mr. Kerr—any specific water quality objectives contained in the international agreement shall be the minimal objectives to be used by Canada and Ontario in establishing water quality standards or other regulatory requirements in the boundary waters of the Great Lakes system.

What it means is that once the new specific water quality objectives are incorporated into the new international agreement, the province of Ontario will have an obligation to achieve and to maintain that level of quality in the Great Lakes. Those water quality objectives are very stringent and Ontario is going to be hard-pressed, I think, to live up to them. Hopefully, we will be able to live up to them but they are stringent and it's going to take some doing on our part. It's important, however, for us to live up to them. It's not only important for us but it's important for future generations.

I've really taken enough time. I should serve notice that there are other matters which concern me. The ban-the-bottle issue, to which the minister referred in his opening statement, is going to be the subject of some debate when we come to that particular vote. The matter of the federal-provincial study on reducing the high levels of mercury poisoning in the English-Wabigoon river system is going to consume some discussion, I'm sure. I would like to know if there has been any proposal made to the minister yet either from the federal government or from his ministry and what type of expenditures will be required under that study. I would also like to know and get an update on the major industrial dischargers and their 1977 loadings.

As the ministry officials know, I dealt with industrial dischargers at some length last November. I really don't have the up to date information with respect to the 1977 loadings. We had the 1976 loadings at that time but I want to know if there has been any improvement in 1977 over 1976. I'm looking at the Great Lakes Water Quality Board report. It contains 1975 and 1976 information but nothing for 1977; it isn't contained

in the report as yet. I'm wondering if I can get those figures from the ministry at a later date?

With those opening comments I'll pass to my colleague.

Mr. Chairman: I'll now call on Ms. Bryden, the NDP critic.

[9:00]

Ms. Bryden: I found the minister's remarks very interesting. There are some advances that have been made. However, we're welcoming a new minister to the Environment estimates tonight. He's the fifth person to occupy this portfolio since the ministry was established in 1970. This may say something about the government's view of the ministry and its importance.

It is not a field which can be learned overnight. It requires knowledge of the ecological interrelationships of our fragile biosphere. It calls for understanding of hundreds of contaminants which are threatening our air, our water and our land. A recent study of air quality in US cities showed that a large number failed to meet the federal EPA—that's the Environmental Protection Agency—standards for all or some of the five most dangerous pollutants in air. Do we know how our cities stack up on these five tests? They related to particulate matter; photochemical oxidants, namely smog; sulphur dioxide; carbon dioxide; and nitrogen dioxide.

The minister said that our air standards were improving, but I'd like to know how we stack up on those five tests. I think of the 102 cities studied in the US only Honolulu passed on all five.

In Ontario, after seven years' experience with an Environment ministry, our lakes and rivers are still seriously polluted. We can't eat the fish from many of them, except occasionally. In some areas the drinking water is under suspicion. In others, our air is laden with lead, with sulphur dioxide, asbestos and many other contaminants. Radiation is a threat to some of our homes. Workers are exposed to unknown dangers from toxic materials. We are in danger of drowning in our own garbage. We have no place to dispose of liquid industrial wastes, some of which are highly toxic. We have not solved the problem of getting rid of nuclear wastes.

Over the seven years of its existence, the Ministry of the Environment has been, in my opinion, a cream-puff ministry. It has been a paper tiger. The Environment Assessment Act is riddled with exemptions. The fines imposed on polluters are in most cases little more than parking tickets. The ministry has let the pulp and paper industry continue to discharge

huge amounts of suspended solids and organic waste into our waterways. We have a royal commission investigating whether the granting of landfill licences is related to political contributions. It has not yet reported.

The ministry has not dealt with the serious mercury pollution problem in the English-Wabigoon river system despite growing evidence that the health of the residents of the Indian reserves there is in jeopardy. It has never charged Reed Limited with mercury pollution.

It has not cleaned up the mess at Elliot Lake from past mining practices. And it is not yet regulating the expansion going on there. Yet the government has put its seal of approval on that expansion by signing huge long-term supply contracts with the mines operating there.

The Environmental Assessment Board which has been asked by the ministry to study the Elliot Lake expansion plans made this wry comment in a recent interim report. It said that the present expansion "may well lead to the unfortunate situation where the board's report will include findings which are incompatible with development as it has taken place."

The real test of the new minister will be how he deals with these situations. The real test will be whether we get any water quality standards from his ministry. Guidelines are not enough. The pulp and paper guidelines issued in 1965 have not yet been met.

I have been told that the minister and his deputy attended the convention of the Ontario Federation of Anglers and Hunters on February 10 of this year, and in the question period the deputy, Mr. Sharpe, stated categorically that he was opposed to mandatory water standards in this province. At a later meeting between some officials of this federation and the minister and the deputy minister, this policy was confirmed. So I would like to ask if this is still the minister's position, and how can he justify sticking to a guideline policy when it hasn't worked in cleaning up our waters? We do have mandatory standards for air, but we appear to shy away from them for water.

Will we ever get any mandatory standards for permissive levels for hazardous substances? We still do not know whether the PCBs in the oil being used on the roads are dangerous to health, yet the spring road-oiling season is almost upon us. The press release of February 23 of this year said that the analysis of some of the oil used for road oiling showed that there was no hazard to health, but the press release talked only about preliminary data and it mentioned that only 22 samples

had been taken. When will we get the final data? Is the ministry going to test all oil being used in this program to determine what the levels of PCBs are in it, and how much runs off into nearby crops and watercourses? Is it warning local and regional governments about the hazards of using oil with high PCB content? Or with any PCB content?

I would also like to ask the minister—as my colleague has already done for the Liberal Party—to clarify his statement to the press shortly after his appointment to the portfolio. Did he really say that Ontario's environmental protection laws were too tough, that they may be holding back the development of industry in the province? Is he yielding already to the blackmail by the industry that they can't afford pollution controls? Yet Abitibi, for example, recently reported a profit increase of 289 per cent in 1977; and another company, Domtar, has just found \$34.5 million to invest in a gypsum business in the United States. I'm sure the other companies have also benefited from the devaluation of the dollar and could afford pollution controls.

Senator Jean Marchand recently said at a conference that no industry in Canada had ever closed down because of anti-pollution requirements. The 1974 Victor and Donnan report commissioned by the Ontario Ministry of the Environment, and updated in 1976, reported that no pulp and paper mills in Ontario would have to close if adequate anti-pollution measures were made mandatory.

I'd like to ask, does the minister go along with the weasel words in the Throne Speech that in the field of environmental protection, "a careful balance must be struck between the short-term and long-term goods. It remains for us, therefore, to summon the technology, the sense of responsibility and the will to reconcile both environmental protection and resource development in order to create productive jobs and a safe, healthy and habitable climate for our people"?

Does the minister really believe that the choice is between a clean environment and jobs? Or has he already sold out to the industry lobby that tries to excuse its unwillingness to protect our health, our resources and our planet by threats of job loss? Does he not realize that mismanagement of our resources in the past and in the future is the greatest cause of lost jobs and lost productivity? How many commercial fishermen have lost their livelihoods in recent years due to polluted waters? How much is OHIP and the Workmen's Compensation Board paying for health problems arising from pollution? And what will the bill be 20 years from now as

the use of toxic substances proliferates unchecked?

Mr. Chairman, if the market system had required industry to include all the costs of any activity in its balance sheet, then anti-pollution measures would automatically be part of their operating costs, since it is generally much cheaper to prevent pollution than to pay the tremendous costs for fouling our nest and ruining the health of thousands.

As a result of this failure of the market system and the inactivity of the government, we have already suffered irreparable losses to our economy. A whole river system, the English-Wabigoon, has been polluted with mercury and any remedial measures will cost us millions. The Sudbury emissions are estimated to cost the people over \$456.9 million per year. The tourist industry is threatened as well.

It is therefore false to believe that we must strike a balance between environmental protection and resource development. As Environment North—a group which appeared before the Hartt commission—said in a report in 1976, "Economic activity must not interfere with a balanced environment. Tomorrow we will pay for many of these short-term solutions and the time wasted in their implementation."

Moreover, I submit that pollution control measures actually create jobs. They are labour intensive. They will require machinery and equipment which is already manufactured in Canada, or could be. If we move to recycling and reclamation there will be many new jobs in waste management. If we become a conserver society we will be forced to develop new technologies and become more efficient, as the Science Council of Canada has pointed out in its recent report, Canada as a Conserver Society. This will mean research jobs and could mean new and more efficient products or technologies which we could market throughout the world.

What we are looking for is not retrenchment in our environmental regulations, but a new approach, if the new minister is to have any impact on improving our environment. The new approach will be less expensive and more productive of jobs in the long run.

Does the minister have that new approach? Is he interested in developing an overall policy for resource and environment management? Such a policy will seek the most efficient and least polluting use of our resources. It will promote a shift to renewable resources where feasible.

Has he considered such things as a products review board to look at the way we are packaging, transporting, marketing and dis-

posing of products? Has he looked at the Swedish answer to the industrial waste problem? It is a joint central-local government Crown corporation which handles all hazardous waste and sells off the byproducts from reclamation.

Has he considered better methods to make the polluter pay for his damage? Obviously, the Dow lawsuit method hasn't worked. So far the taxpayers of Ontario have put out \$117,238 in this farcical lawsuit and the case still hasn't come to trial seven years after it was started. Now the Attorney General is suggesting that it may never be brought to court. So far Dow hasn't paid one cent to the fishermen who lost their livelihoods as a result of its mercury discharges. Nor has the government received a penny for its clean-up work or the general damage to our environment.

Perhaps we should look at the Swedish law which provides for a maximum penalty of life imprisonment for "poison spreading." I am not sure if anybody has actually had that maximum penalty assessed. I don't think it has. But it is there for very serious pollution of the environment. So far no one in Ontario has ever gone to jail for pollution. Perhaps we should look at amendments to the legislation to make the polluter liable for imprisonment if he seriously destroys our environment—especially in cases where the destruction may be irreparable, and the costs to society may be very great.

There are other amendments to the legislation that we hope the new minister will consider. His predecessor, George Kerr, had promised to bring in provision for class actions in environmental cases. We now do have class environmental assessments to permit government ministries to get permission to proceed with a whole range of similar activities, and that sounds like a sensible step. But there is no provision in the law for a group of citizens who feel affected by any environmental application to appear as a group at environmental protection hearings.

[9:15]

We would also like to see amendments to end the David and Goliath atmosphere at most environmental hearings where citizens' groups are pitted against well-heeled businesses which can deduct their hearings costs from their taxable income. Public funding for citizens' groups has been recognized as an essential part of a fair hearing by such bodies as the Berger commission, the Porter commission and the Hartt commission. It should apply to all environmental hearings which affect the populace so intimately.

The minister may reply that we cannot afford such funding in this time of restraint. However, we are augmenting Legal Aid fees and putting more money into the administration of justice on the ground that we must seek to put people on an equal footing before the law. A public hearing which purports to hear all persons affected is a charade if some parties are unable to hire lawyers or experts, while others do so.

In fact the minister should look at the US Toxic Substances Control Act of 1976 which does provide for public funding for citizens' groups to hire lawyers and experts when participating in hearings on standards and controls.

We would also like to see amendments which will require public hearings to be held before certificates of approval are granted for industrial procedures involving toxic materials in operations, particularly in heavily-populated areas. Such procedures often create odours, gases and possible health hazards. The PCB burnings at the St. Lawrence Cement Company in Mississauga are a case in point. Also the use of the Beare Road site for dumping liquid industrial waste in Metro Toronto. These are areas where there should be a requirement for public hearings before the procedures are adopted.

Another new area that the minister could consider is the establishment of an environmental adjustment committee to plan and administer programs and compensation for those seriously disadvantaged by changes in our economy necessitated by environmental protection measures. This would include workers in industries whose jobs are altered or disappear as a result of changes in product or product handling, fishermen who lose their livelihoods as a result of pollution, and others similarly affected.

We must make it a principle that all of us bear the cost of technological and environmental change, not just those on the front line. We must plan a transition for displaced workers to alternative employment equivalent to what they are now enjoying.

I note that the government's own Waste Management Advisor Board recognized this principle in the draft policy for milk containers it submitted to the minister. Its recommended action program contained the following proposal: "Although the shift to refillable containers will be of general benefit and will create more jobs overall, some hardships may occur. Consequently, the board recommends that: (a) the concern of small dairies about capital expenditures for new or improved equipment for refillable containers should be met by a sympathetic pro-

vision of loans, through the Ontario Development Corporation; and (b) the concern of employees in the packaging industry and some smaller dairies should be met by a specific commitment of funds to provide for such things as continuation of pension rights, relocation and retraining allowances, payments from a special support fund and similar benefits. Every attempt should be made to ensure that job losses which do occur are carried out by attrition, which can be achieved by suitable phasing of the program."

You can see that the waste management board thought that both industry and workers required some special transitional help when the ministry's own recommendations were changing the rules of the game and the conditions of their operation.

However, in the final policy accepted by the minister for this particular situation of the change in milk containers which is being planned, this clause was dropped. Does this mean that the minister is not prepared to accept this recommendation of his own board; and if so, what are his reasons? Does it mean that he has no policy for providing transitional help to workers displaced by the environmental decisions of his ministry? The province of Manitoba has passed an interesting piece of legislation called the Fishermen's Assistance and Polluters Liability Act, 1970. The minister might take a look at that as a model for fulfilling his responsibility to persons affected by his ministry's actions or by polluters actions.

The final test of the minister's commitment to protecting the environment is his action on control orders. Has he granted Reed Limited another extension of the clean-up orders first issued in 1970, and extended in 1974 to December 31, 1976? The orders required the company to install specified facilities for handling its industrial sewage by that date. Has he issued a new control order which sets new requirements and new deadlines; or is he just drifting on this situation? We haven't heard since the report that he and the Premier (Mr. Davis) were meeting with the officials of this company a month ago.

How many of the 31 pulp and paper mills in the province are under control orders to meet the 1965 guidelines? How many companies are in violation of control order deadlines at present? I would like the answer to these questions before we finish these estimates. I don't expect the minister to have them all here tonight.

What is the minister doing about control order violations? Will he support closure of the English-Wabigoon River to sport fish-

ing until we are sure that the native people's health is not in jeopardy? As I suggested in the Legislature, such a closure could be considered a temporary measure until the federal health survey that they are willing to fund has been undertaken and we know at least what the danger is to the health of the people in that area. It may be possible to reopen the river after that epidemiological survey has been taken; but I understand that the native peoples will not co-operate with the survey until such time as the river is closed, at least temporarily?

What is the minister doing to make the Environmental Assessment Act more effective? Will he implement the statement of his predecessor, who said during last year's estimates: "I expect private projects across the board will be under the provisions of the Environmental Assessment Act some time next year." That was in the December 8, 1977, Hansard for this committee.

Can we expect a provincial environmental assessment for the Polar Gas project? I understand it is already undergoing examination by the federal government. Will there be an environmental assessment required for the theme park project at Maple on Major Mackenzie Drive? Will the Act be applied to any proposed sites for a nuclear waste disposal facility in this province? The Hare report has suggested that this province would be a suitable place for such a facility since we have substantial nuclear power stations. Would the minister consider lifting the exemption from environmental assessment for the parkway belt west, in light of the avowed purpose of the environment assessment and planning program as stated in the estimates book, which says under vote 2002: "This program ensures that environmental safeguards are incorporated into land-use policies."

There is just one other thing that I would like to comment on. I find it strange that the ministry does not appear to consider public education as a major part of its activities; and yet the public has a very important role to play in preserving our environment. It's only the public that can ultimately change its attitudes sufficiently so that we will develop a recycling society and move away from the throwaway society.

It's only the public that ultimately can cut down our requirements for landfill and garbage disposal by reducing its garbage, by going in for composting, by acting as a watch-dog on the environment, by changing its appliances into those that are the most energy-efficient and the least polluting. But we don't seem to have any sort of a public

education program of that sort in the ministry. I believe we have an information branch which supplies information to the public on ministry decisions and regulations and things of that sort, but it seems to me that we should have an educational program which would go throughout the province changing attitudes and developing a consciousness about the necessity to preserve our environment and to make the most efficient use of our resources.

So in short I am simply asking the minister to let us know whether in his new capacity he will transform this cream-puff ministry into a real environmental protection agency.

Mr. Chairman: Thank you, Ms. Bryden. I'll ask the members of the committee now to turn to page R50 and we'll begin the discussions under ministry administration program, vote 2001.

Would the minister care to respond to the comments of the two critics?

Hon. Mr. McCague: Some of them.

Mr. Chairman: Some of them. Very well.

Hon. Mr. McCague: Mr. Chairman, both statements made reference to some statements I am reported to have made as I walked out of the Lieutenant Governor's suite following my swearing in as the Minister of the Environment. Mr. Gaunt mentioned that if I was talking about the environmental controls on farmers he agreed with what I was saying, but if I was talking about anything else, he didn't think he could agree.

Mr. Riddell: I think he gave you an out, really.

Hon. Mr. McCague: I think he was being truthful.

It's always a difficult thing to be faced by 20 reporters outside a door, when you don't really know they are there, and to have to make some comments, probably for 15 minutes, which can be reported in whatever fashion the reporter so chooses; and with that I take no exception.

The matter of regulations in respect to farmers being fairly stiff was mentioned and I think I made the same comment when asked what I thought of the message the Premier got when he was in Japan, and I said that I thought the message he got was that our controls were fairly stiff.

[9:30]

As I say, I don't take exception to anything that any paper decided to report. In the matter of deregulation, which was mentioned in the article also, I was talking more

from a government point of view than from a ministry point of view.

I know that won't do anything to clarify the concerns Mr. Gaunt had, but as far as I am concerned, it's a statement of fact. I don't think anybody would argue that I am as concerned about the health of people as you are. There has been quite a bit of emphasis in both statements that environmental controls, if you want to put it that way, create employment. I don't feel prepared to argue that one way or the other, except we probably should try it on a case or two and see what does happen.

You mention that I say in my statement that it may lean towards a consideration of a couple of factors, the environment and employment. I think that we are all very environmentally concerned, probably somewhat less when it involves one, two, three, four or five, or 1,000 or 2,000, jobs in our own ridings. The music seems to become slightly different in those particular cases. However, we should not do things that are going to be very harmful to our environment.

About the Dow suit, I think I will just have to say that it's in the hands of the Attorney General.

Resource recovery: You mention that 50 per cent is probably not adequate to entice municipalities to enter into new programs. That may be so. It is difficult to find sufficient money to increase that to any great extent. I am aware that you and the previous minister did visit the Milwaukee plant and that you were both very impressed with what you saw. I think some of the municipalities, especially Metro probably, could be looking at a similar type plant. I think the problem that all politicians face is one of the single source company establishing a plant on a non-bid basis. As you alluded, there may be enough people in the business both here and in the United States that you could come up with some competitive bids at this particular time.

No more landfill sites after 1982; you mentioned that that might activate the municipalities. I would agree 100 per cent with you, it might really activate them; I am not sure though it would activate them to build resource recovery plants. There are some areas of the province, I think, where they are probably the most beneficial type of disposal, everything considered.

You mentioned waste paper, and I am glad to hear that you got your office cleaned out. I wasn't really aware that it was such a mess until I was sitting on a chair in the sun in Florida about a week ago and I read about it. I was reading last year's estimates.

We have started, at our own office at 135 St. Clair, a fine paper recycling project. Really, it's a demonstration. We are trying to determine whether it would be suitable for the entire Ontario government. After three full weeks of operation, approximately 2,000 pounds of waste paper have been recovered—in this case we are talking about fine paper.

At the request of Management Board, a study is now under way to assess the feasibility of waste paper recovery from government-owned and government-occupied premises in Metropolitan Toronto. We will have that report to Management Board by June 1 of this year, which will give us the cost and benefits of undertaking a government-wide program. If that proves feasible, the study would provide a method of implementation.

Regarding toxic chemicals and Mr. Gaunt's statement about our reactive mode, who could we have to comment on that, Mr. Sharpe?

Mr. Sharpe: We have Tom Cross, the chairman of that committee here.

Mr. Cross: Tom Cross, air resources branch. It's a little bit difficult to know how to encapsulate what's being done under hazardous substances, because we have so much going right now. Suffice to say we drew up our priority lists; first of all on a toxicity basis, and second on the basis of those substances that we felt created the greatest potential for a problem and had the least being done on them.

This became our top priority list. On that list we have covered every substance but one. We have something going on it now, either through consultants or through the employees in our ministry. We have background reports being prepared; we have inventories being taken; and we have co-operation going with the federal people in their environmental contaminants program. Very shortly—I would say in six months to a year—we will have very comprehensive reports out on a wide range of subjects.

I don't know whether there would be any point in me reading you the list here, but we would be glad to supply you, through the minister, a copy of all of the contracts we have out, the reports that are being done and the reports that have been done. I think you will be agreeably surprised to see how much we have done to date.

Mr. Gaunt: Mr. Chairman, may I ask Mr. Cross if he could give us some examples of what is being done? I don't need the entire list but I think it would be helpful if we had some indication.

Mr. Cross: We have the consultants right now preparing comprehensive background

reports on the environmental aspects of chlorinated and aromatic hydrocarbons. We are pulling together all of the work that's been done over a wide range of time by this ministry on mercury, and producing a comprehensive report on that. We are looking at radioactive substances and coming up with a feeling of where we should be looking for radioactivity as it would affect the public.

We have reports being prepared on nickel and arsenic compounds. Of course the ministry has done a lot of work on lead. The hazardous substances committee per se is not doing anything because we thought it was a subject that was well covered, but we are doing some work on developing of testing and collecting procedures.

On the polycyclic aromatic hydrocarbons we've done ambient air quality surveys throughout the province and are compiling a bunch of information on this material. We are also working with university research grants on methods of sampling these materials, trying to come up with something that's easier to do and less expensive.

On asbestos, we produced a report some time ago which I think was a landmark in its field. I think we probably pulled it together in a more comprehensive way and quicker than any other agency has ever done.

Vinyl chloride—we've done a lot of work on monitoring that.

PCBs—most of this work is being done in another branch outside of the work of the hazardous substances committee, but we have a lot going on that—plus, as the minister says, we're purchasing a mobile monitoring system which will be the latest word in mobile monitoring and which we think will find extensive use in monitoring PCBs. Would that give you enough of an idea?

Mr. Gaunt: Yes, yes, that's fine. Thank you.

Mr. Chairman: Now, Mr. Minister, do you have further comments?

Hon. Mr. McCague: Mr. Gaunt again mentioned PCBs in the sewage sludge and there is a survey of PCB concentrations in raw waste waters from 33 municipalities. "Detailed investigations of the fate of PCBs during conventional secondary treatment were performed at the Hamilton waste water treatment plant. The primary treatment facilities surveyed removed on average 50 per cent of the PCB load, whereas the secondary plants averaged 66 per cent removal. PCB concentrations in digested sludges ranged from 0.6 to 76.6 parts per million dry weight."

You mentioned the Canada-US agreement—the water quality objectives that were suggested by the IJC and the problem that there

probably would be with the Canada-Ontario agreement if we were to live up to the Canada-US agreement. Is there somebody who wishes to comment on that? Grant Mills?

Mr. Mills: Is this specifically on the adoption of IJC water quality objectives? Is this the question we're addressing?

There is the ongoing study, what we call the fifth-year review, on the Canada-Ontario agreement and the Canada-US agreements. I would say that the objectives recommended and being discussed now will pretty well be adopted.

Mr. Gaunt: Mr. Chairman, if I may, they are fairly stringent, Mr. Mills?

Mr. Mills: Oh, yes.

Mr. Gaunt: Do you feel that Ontario can live up to those objectives and meet our commitments?

Mr. Mills: Yes.

Mr. Gaunt: What about Ontario's view with respect to Detroit and Cleveland and the part that they have played in the pollution of the Great Lakes, specifically Lake Erie? As I mentioned earlier on, I think they have contributed about 70 per cent of the phosphorous loadings in Lake Ontario. What work, if any, is being done by the province in pursuing that through the federal government and through the IJC to try to get them to comply?

[9:45]

Mr. Mills: It's a bit of an old refrain, but we think the end is in sight finally on their moving to full-scale secondary treatment incorporating phosphorous removal.

Mr. Gaunt: You say the end is in sight. What does that mean—two years down the road?

Mr. Mills: We keep getting promises. They're living up to the agreement, but I would say within a couple of years.

Mr. Gaunt: Is that optimistic or pessimistic?

Mr. Mills: The negotiations go on constantly and it seems for a variety of reasons they fail to live up to the commitments. As part of the renegotiation, the fifth year review of the agreement, we feel quite confidently that everybody will fall into line.

Hon. Mr. McCague: I think that covers some of the questions asked by the Liberal critic except for cans and bottles, mercury in the English-Wabigoon and the industrial pollutant loadings which we'll get to under the votes.

Mr. Gaunt: May I ask Mr. Mills how many of the toxic substances will be included un-

der the new agreement, presuming that the water quality objectives will be incorporated in the new agreement? I forgot to get that information.

Mr. Mills: We can get that information, but I couldn't give a figure now.

Hon. Mr. McCague: Ms. Bryden asked a lot of questions in her opening remarks, which I didn't mark as she was going through. Maybe I might respond to those first thing in the morning, if that is agreeable to her.

Ms. Bryden: Are we meeting tomorrow morning?

Mr. Chairman: No, we're not meeting tomorrow morning; not till Thursday night again.

Ms. Bryden: Quite a few of them may require a bit of research, such as which control orders are in violation right now and which mills do not have control orders on them.

Hon. Mr. McCague: We can get that for you.

On vote 2001, ministry administration program; item 1, main office:

Ms. Bryden: I have some comments, but maybe Mr. Gaunt has too.

Mr. Gaunt: You go ahead.

Ms. Bryden: I want to raise a subject that is always of interest to me, that is, the question of women and whether they're getting equal opportunity in the Ontario public service. Unfortunately, the latest report that we have from the women Crown employees office is 1975-76. It shows for the Ministry of the Environment a decrease in the percentage of women in the ministry from 18.5 per cent in the previous year to 17.9 per cent. I understand there are a lot of technical positions in the ministry for which there are not always trained women available, but it doesn't appear as though the ministry is making very much progress toward increasing the number of women at the administrative levels or some of the higher levels.

I know the plant operators for the sewage plants are practically all male and that situation may not change for a while, but I would hope the minister would be concerned about whether his ministry is making opportunities available for women to move ahead into the higher-paying positions and to be recruited into the ministry generally.

The average salary for women employees, as a percentage of the average salary for men, was 61.4 per cent in 1975-76; and it has

only changed fractionally from the previous year, when it was 61.9 per cent.

The women Crown employees report has a rather interesting index which it calls the index of segregation. This shows what percentage of male and female employees would have to switch jobs in order to be proportionately represented in each occupational group, according to their overall proportion in the public service; that is, 38 per cent of the public service is women. If each occupational group was going to have 38 per cent women in it, the index of segregation indicates how many employees would have to switch in order to achieve that proportional representation.

The index of segregation for the Ministry of the Environment in 1976 was 77.8 per cent. The higher it is, the larger the number that would have to switch to achieve that proportional representation. The year before it was 80.2 per cent; so there hasn't been much change there.

In ministries such as Community and Social Services, and which have a great number of women, their index of segregation is only 30 per cent. In other words, they have more women proportionately than the 38 per cent that the Ontario public service has.

I think these are facts that the minister should be looking at. I would like to ask, does he have a full-time women's adviser engaged in trying to change attitudes towards considering women for senior positions, particularly administrative positions? And has he any figures as to whether the situation has improved over the 1975-76 situation?

Hon. Mr. McCague: Yes, the situation has improved. I can't give you any figures on salaries, but in 1976 the percentage of women in administration was 9.5 and it went up to 12.2 in 1977. Women make up 18 per cent of the technical and scientific staff, compared with 16 per cent in 1976. Grace Blackadar is here and you would probably much sooner hear from her than me on this subject.

Ms. Bryden: Yes; it is nice to see one woman present in the staff array.

Mrs. Blackadar: It is nice to see one woman politician—and a very able one, I might add. Just what would you like to know? The minister has mentioned that there is a bit of a switch, percentage-wise. We are making progress, but it's slow. Instead of taking one step forward and two steps backward, we are now taking three steps forward and two steps backward. We are more than holding our own, but we are

not progressing as rapidly as we would like. The report you are quoting from is reasonably old—

Ms. Bryden: Yes. Fortunately.

Mrs. Blackadar: The latest report, I understand, will soon be tabled in the House. But I might give you a little update on some of the figures that I have here; they might be of interest to you.

Talking about segregation, that's really a difficult situation because one side of the picture is moving women into management and professional positions, but the sticky part of the wicket is moving the men into the clerical area and the office-type positions. How we work that, I don't know. If you have any suggestions, I would be glad to have them.

We have had some breakthroughs just within the past few months, of which I am rather proud; they are into areas that are not traditionally occupied by women. For the first time in our ministry we have a program analyst who is a woman, and we have two resource managers and two environmental technicians. This has happened since December 1977. The resource managers and the technicians are doing field work, which is unusual. We had environmental technicians who were women, but they hadn't been working in the field. They are now working in the field, wading in muck and in some instances driving trucks—areas that are traditionally male. These are a few breakthroughs just in the past few months.

I am very happy that the government in its wisdom has decided to put the program on an MBR approach, because we now have our managers accountable for the success of the program. All of the managers have given me career action plans for their female staff, and they have interviewed all their women, which is a real step forward as far as I am concerned. They are helping them to plan their career goals.

Women are asking for more training and educational assistance, either on their own initiative or at the suggestion of their supervisors as a result of the affirmative action. This pleases me, because in many cases I am finding that in order for these women to compete on an equal basis some of them need preparation in the training area.

I think I mentioned when you questioned me a couple of years ago, Ms. Bryden, that my approach involved three steps. The first was the consciousness-raising, which I must say is at a very healthy level right now. This isn't causing me too many difficulties in my

own ministry. It is much more positive and steady.

The thrust now is step two, into the training and development area for women. Last year, 14.6 per cent of the female staff were receiving educational assistance as against 11.6 per cent of the male staff. On a pro rata basis we have more women being trained now than men. Ninety per cent of the courses they are taking are in the professional and management area, as against the secretarial-type courses they were taking four or five years ago.

My general comment, and I sincerely mean this, is that I find that in the program in my ministry, with the difficulties that you are aware of because of the lack of scientists and so on, this figure is moving a bit in the universities and in the community colleges—not rapidly, but women are starting to move a little bit into those areas.

I think that the attitude in the program in the ministry is healthy and positive right now. Our main thrust at this point is in training and development, as I said, to prepare women to compete on an equal basis.

Ms. Bryden: Thank you, Mrs. Blackadar. I just have one question. Is your position full-time on affirmative action and as women's adviser?

Mrs. Blackadar: My position at this point is 90 per cent on this, and 10 per cent of my time is spent on the bilingualism program. I'm strongly interested in helping minority groups. This is how my time is divided in those two areas. But the problems in both areas are similar, as they are in any minority group.

Ms. Bryden: Mr. Minister, it appears that under your predecessor we are making some progress. Between Mrs. Blackadar, the minister, and the entire staff, I hope that you will continue that progress in your new portfolio.

Mr. Chairman: Do you have any further questions, Ms. Bryden?

Ms. Bryden: Not on that particular point—not on that vote.

Mr. Chairman: Thank you very much, ladies.

Mr. Gaunt: Under the main office item, I notice the 1978-79 estimates include a figure of \$444,000 for the main office; and that is down from \$447,000 for the 1977-78 estimated final authorized funding level. That is a drop of a small amount, not a lot but a small amount, and I'm wondering where that comes.

[10:00]

Hon. Mr. McCague: Geoff Higham will explain that.

Mr. Higham: As you say, it is indeed a small amount. There are various reasons for the shift, a part of which deals with the method in which the government is handling the unfunded liability of the Public Service Superannuation Fund next year. A part of it deals with the complement and salary reductions which have been in force in the 1978-79 estimates as well as 1977-78. It deals with the allowance that has been made for turn-over of staff. It deals with adjustments for reciprocal arrangements on sales taxes. It is all a variety of things.

Mr. Gaunt: Okay. Has there been any reduction in staff, per se?

Mr. Higham: There has been a reduction in the allowance that was previously provided for temporary help, but in terms of the permanent staffing of the office, no.

Mr. Chairman: Is there any further discussion under item 1, vote 2001?

Mr. Gaunt: Research would not come under this particular item?

Mr. Chairman: No, this is administration.

Mr. Riddell: Being that we're near the end of the fiscal year, have you any idea how close that 1977-78 estimate is to the actual expenditure?

Mr. Higham: In fact, the books are open until around about April 20 so we normally anticipate that in April we'll receive all of the bills for March. It's very difficult to say. It depends on which suppliers we're dealing with from time to time. Some of them are very keen to get their bills in at the end of our fiscal year and others, for some inexplicable reason, are kind of tardy in getting their bills in.

Mr. Riddell: In 1976-77 your estimates were considerably higher than the actual expenditure and I'm wondering if we can expect the same thing to hold true for 1977-78?

Mr. Castel: We expect to spend \$430,000 this year. That's the best estimate we have at this date.

Mr. Riddell: So you're reasonably close?

Mr. Castel: We're in line, yes.

Ms. Bryden: Mr. Chairman, on that point, the blue background book does give a figure for every vote, an estimated actual for 1977-78. I'd just like to ask, as of what date was that calculated approximately?

Mr. Castel: This estimate was made at the end of the fiscal year and, as Mr. Higham was just saying, the books will remain open until approximately April 15. So we'll take

into consideration all our expenditure until that date.

Ms. Bryden: This was probably made two or three weeks ago, this particular estimate?

Mr. Castel: This was done actually just a few days ago.

Item 1 agreed to.

Item 2 agreed to.

On item 3, supply and office services:

Ms. Bryden: Mr. Chairman, I'd like to ask why there appears to be about a 30 per cent increase over the estimated actual for this year? The estimated actual is \$1,280,000. It appears to have gone up fairly substantially.

Mr. Castel: In funding this activity, very briefly, we've got a \$16,000 increase in salaries and wages, we've got \$24,000 in benefits and we've got approximately \$254,000 in direct operating expenditures. The bulk of this increase in direct operating expenditures is for a microfiche system that we are investigating for the ministry to meet the requirements of the Environmental Assessment Act.

Ms. Bryden: What do you plan to microfilm?

Mr. Castel: The microfiche system we are planning is in respect of information that would have to be given to the public in accordance with the Environmental Assessment Act so as to have the information available for public perusal.

Ms. Bryden: Would this be proceedings of the hearings?

Mr. Castel: Yes, I believe so. It would cover the proceedings of the hearings.

Mr. G. I. Miller: Under what vote do regional offices in Ontario come?

Mr. Castel: They come under 2003.

Item 3 agreed to.

On item 4, personnel services:

Mr. Gaunt: I notice that this item has also gone up, not by too much, but there is an increase. Can we have a breakdown of the reasons for that?

Mr. Castel: Again, most of the increase here is in salaries, wages and employee benefits. We had to include salary awards, merit increases and adjustment for temporary help. We have an increase of \$28,000 for employee benefits.

Hon. Mr. McCague: One of the things that is putting up the salaries and benefits in all these votes is the fact that the Public Service Superannuation Fund is now being charged back to all the ministries whereas in previous

years it was under Government Services. That shows up. In this one it's \$29,000 of the \$28,000 in benefits.

Item 4 agreed to.

On item 5, information services:

Ms. Bryden: At this stage, I would like to ask the minister to comment on my comments about why we do not have a public education program as opposed to simply an information service which, I gather, mainly services the inquiries from the press and from the public wanting to know about regulations. Why do we not have a public education program, possibly even with travelling bands, to educate people in the methods of protecting the environment, recycling, reusing, changing their habits generally and becoming much more conscious of the need to protect our resources and make the most efficient use of them?

Hon. Mr. McCague: We do have some of the things you've mentioned. Mr. Frewin is here and he could elaborate on it.

Mr. Frewin: We do have a public education program, possibly not to the extent that we would like to have, should have, or that you would like us to have, but we are working towards that. What we have been doing effectively is very low key in terms of publicity and that is an effective educational communication program. We have one fairly highly paid person who is well trained and who has been working with schools at all levels in a public education program which amounts to a curriculum in environmental education. I think this program should be expanded and we have plans to expand it slowly over the next few years, as we're able to devote more financial resources to it.

As you probably are aware, our advertising budget, as advertising budgets go, year by year is not very large. The majority of that budget is devoted to educational information advertising of various types. We do have to devote some of it to ministry policies and activities. For example, three years ago we spent a considerable amount of money advertising the ministry's first introduction of the soft drink container regulations which are being phased in.

I hope that is a satisfactory answer. I could take up a great deal of time going into more detail on the public education activities that we do undertake. As I say, most of them are low-key but I believe that they are effective. We do have plans to expand them as we go along.

Hon. Mr. McCague: And your Environment

Mr. Frewin: Yes, thank you, Mr. Minister

As part of our educational activity, we have an Envirovan which is a travelling, mobile, educational resource centre. Last year we put it on the road with a crew of three students and it visited provincial parks, many of them in the north. In fact, it spent about 60 per cent of the summer in the north and 40 per cent in the south. Working with the Ministry of Natural Resources in some of their park locations, we conducted field seminars, not only on weekends but on three or four weekdays through the summer, each week of the summer, mostly before groups of young people and students. So we conduct that kind of public education activity.

Ms. Bryden: Do you get out pamphlets on composting and things like this?

Mr. Frewin: Yes, we have a range of 123 publications including fact sheets, about 30 per cent of them available in both French and English. Possibly, if you'd like, I'd be most willing to send you a sample of everything that we do have in the ministry arsenal. We're continually revising and updating this information.

We service something like 600 requests a week for information, about 80 per cent of that coming from students who are preparing various types of papers and studies, the other 20 per cent coming from the public at large.

Mr. Gaunt: Mr. Chairman, I would like to ask Mr. Frewin if the ministry, and specifically the information branch, has ever considered producing a film which could be distributed to all the county school boards in the province of Ontario. The subject of the film would be resource recovery and recycling, containing information such as the fact that recycling 11 million tons of paper can save 200 million trees—that kind of emphasis, that kind of thing; the fact that if we recycle and employ resource recovery, we can save energy, we can save money, we can conserve resources—that kind of thing. Have you ever considered doing that?

I think one could produce that kind of film for in the neighbourhood of \$20,000—I'm guessing. But it wouldn't involve a lot of travel. It would be film production right within your own ministry and I think you could do it for that.

Mr. Frewin: Mr. Gaunt, we have such a film on the drawing board and we have had it on for a couple of years. It's related, however, to the ministry's entire waste management program which focuses upon the resource recovery experimental centre. As you're aware, it's really getting into full stream

now and we've been stockpiling film as this program proceeded. We were criticized a couple of years ago for what I thought was an effective public education advertising program on resource recovery. It was a little premature because the economy turned and the municipalities, who are necessary to the program, didn't come along as quickly as the government had projected and we involved in the resource recovery program had hoped. So that slowed up our production of the film.

We are planning such a film, but it will be related to our resource recovery centre and to the marketing program which is currently under way, and the whole experimental program aimed at developing new methods of recycling materials and, of course, of marketing them. Much of it will be aimed at the individual in terms of what the individual can do to abet this program.

[10:15]

Mr. Gaunt: Well, I'm glad to hear that that kind of thing is on the drawing board, because I think it could be very useful, particularly at the elementary level, in developing attitudes among the younger people to conserve and to employ methods whereby recycling techniques are used. It's surprising what impact young people can have at home. If they're convinced about it, they can have a great persuasive effect on parents. I think it would be very important to develop that kind of attitude early on.

Mr. Frewin: We conceive this, sir, as an all-purpose film. We're not pitching it at only the student level; it will be aimed at adults too. Possibly—we haven't determined this—we might do two films. Certainly, we'll take some of the material and break it out into our school and educational program. We'll probably have a broader film aimed at the adult.

Mr. Gaunt: I just want to throw a note of caution into all of this. I would suggest that any such film shouldn't necessarily be a promotion piece for the ministry. Even though there would be some temptations to go that route, I think it should be an overall, general film dealing with recycling and resource recovery, incorporating, of course, your plant which is going to be in production very shortly. That's fair ball. No problem there.

I just have a feeling that if it ends up as a promotional piece for the ministry, then its impact won't be as great as you and I would envisage.

Mr. Frewin: I think our portrayal of the resource recovery centre and of the program

would probably serve as sufficient promotion for the ministry.

Mr. G. I. Miller: One further question: Are you working at all with the education system through the universities and the technology that is available there?

Mr. Frewin: We work with schools at all levels. I'm not too sure I understand your question—your reference to the technology.

Mr. G. I. Miller: I'm referring strictly to universities, where there is a lot of technology available. Is there co-operation between the ministry and the universities?

Mr. Frewin: Yes, not only in the area of my activities but at the research level. I think as the later votes come up, some of the material we're going to cover—the activities you're going to cover—will indicate this. Our educational program is aimed at providing resources and materials that teachers and school boards can use in order to stimulate the teaching of environmental education. Naturally, we don't do that at the university level. There's an interchange of information, ideas and materials with such institutions as the University of Toronto school of environmental studies, and of course the University of Waterloo, and several other institutions in the province.

Ms. Bryden: Mr. Chairman, I would just like to ask the minister what an opposition critic has to do to get on his mailing lists. I seem to have asked for the press releases on several occasions and I'm still not getting all of them. I'd like to cite one example of what happens.

When the new regulations on soft-drink containers came out, I did not receive any of the material. I then asked for a copy of the regulation, and I got exactly what I asked for which was a copy of the amending regulation, even though I understand the material that went out to the press included a summary of what was being accomplished by the amendment, an office consolidation of the regulation that it was amending and some background material on the advertising program that was being put into effect.

I don't know whether Mr. Gaunt is having the same problem, but how can I get on the mailing list for all material that is sent to the press or to people sending in inquiries about programs, regulations, and so on?

Hon. Mr. McCague: The way you get on there is to ask for it, as you've just done.

Ms. Bryden: Thank you, Mr. Minister.

Mr. Gaunt: Thank you on my behalf too.

Item 5 agreed to.

On item 6, analysis, research and planning:

Ms. Bryden: Mr. Chairman, I notice that on the organization chart in the book here, out by itself—I was going to say in left field; it appears to be in right field—a little branch called program planning and evaluation branch which, according to the next page chart, comes under this particular vote. It seems just ludicrous to me that the whole planning and evaluation of the ministry's program should be under a vote that is \$285,000. How can the ministry evaluate its programs with that kind of a minuscule operation, and what really is done under this particular vote?

Hon. Mr. McCague: Basically, even though the title says analysis, research and planning, it is really policy and program development. Mr. Castel might elaborate on that.

Mr. Castel: This program planning and evaluation branch provides for the co-ordination and analysis of ministry policy and program development. It is a small group that works with all directors in the ministry to review policies and programs. One of the activities of this group, for example, is the development of these estimates that you are reviewing tonight.

Ms. Bryden: Do you also evaluate the effectiveness of your programs, for example, the effectiveness of your pollution control programs for water?

Mr. Castel: Yes, we evaluate certain activities. We are, for example, co-ordinating the development of our MBR system, and we assess performance of our various activities. Again, it is a co-ordinating group that works with the various branches in the ministry that are involved with these programs. This is a very small group, composed of analysts, that works with the various branches.

Ms. Bryden: It sounds as if it is more an analysis of your internal efficiency, sort of management operations, but do you analyse the results of the programs on the environment, the progress in controlling toxic substances, the progress in cleaning up our air and our water?

Mr. Castel: This is done by head office branches under the next vote, which is assessment and planning.

Ms. Bryden: It looks rather pretentious having that program planning and evaluation branch there. As I say, it doesn't really plan the programs of the ministry to any great extent as far as I can see. In other words, I think we do need an overall planning program to look at the objectives of the ministry.

Mr. Castel: This is a co-ordinating group and this is what it does.

Hon. Mr. McCague: Are we using this hearing at the direction of Management Board?

Mr. Castel: The activity in the printed estimates is designed to comply with other ministries so that there is consistency throughout the government. Analysis, research and planning, the name of this activity, is consistent with other ministries in the government.

Ms. Bryden: There was a summary or inventory of research projects produced for 1976-77. I asked last December if there had been one for 1977-78 and I think the minister then said it might be out about March 1978. It seems rather late to be bringing out the inventory at the end of the fiscal year. Where are we at on these research projects? Is there a new inventory available?

Hon. Mr. McCague: That's in the next vote, 2002.

Ms. Bryden: Okay, we can discuss that then.

Item 6 agreed to.

On item 7, legal services:

Ms. Bryden: Mr. Chairman, can I ask if the prosecutions under the Environmental Protection Act are covered by this vote or do we hire mainly outside legal firms?

Hon. Mr. McCague: Neil Mulvaney is director of legal services.

Mr. Mulvaney: All of the prosecutions covered by this vote are done by the solicitors in our legal services branch.

Ms. Bryden: That is not a very large amount. You can't have very many prosecutions going on at the moment.

Mr. Gaunt: If I may, I would just like to pursue that Dow matter a little more intently. The minister referred to it in response to my comment, but how do we stand? Are the Attorney General and his people currently negotiating with Dow as to the amount which is going to be paid to the fishermen and others who suffered the damages? If so, what is the amount?

Hon. Mr. McCague: I believe he is currently negotiating with Dow on the settlement.

Mr. Mulvaney: As the minister indicated, the case is being conducted through the Ministry of the Attorney General. From time to time we ask for an updating of it. The latest information we have is what you have indicated here, that those negotiations are still ongoing. They are complex but they have not been completed yet. That is all we have.

Mr. Gaunt: At what date did that latest report come in?

Mr. Mulvaney: The latest discussions I have had with them would be within the last few weeks.

Mr. Gaunt: So we are really not very much further ahead than we were last December.

Mr. Mulvaney: It is the sort of thing where until a settlement is concluded we are not likely going to have much more to report. At this time, it is difficult for us to say how much longer it is going to be. We are not directly involved in those negotiations. From time to time we ask how they are going and we are informed, just as you are, that they are continuing and that they haven't broken down, but they haven't yet reached an agreement.

Mr. Gaunt: So much for "the polluter will pay" principle. After seven or almost eight years and \$117,000 in legal fees, we are still at the point where the thing is very much up in the air, and it may be another year, would you estimate, before the matter is entirely resolved?

Mr. Mulvaney: It is hazardous to predict. About six months ago Mr. Kerr indicated he expected the case would be brought to trial within a year. Since that time we have heard that serious negotiations were going on with the prospect of reaching a settlement. We are much more confident now that it is not going to take much longer.

Mr. Germa: Would this settlement preclude the trial? Is that what you are telling us?

Mr. Mulvaney: Yes.

Ms. Bryden: Does this not indicate that perhaps we need another route to provide that the polluter will pay, namely, more detailed control orders, so that it would be much easier to obtain prosecutions and convictions? I think part of the problem with the Dow case is that the law they are supposed to have violated was not particularly specific.

Mr. Mulvaney: It may be when the case is resolved that principles are going to be established of such importance that future cases will not take so long. This is a precedent-setting matter in many ways. My own view on it is that we are only going to be able to judge the value of that civil proceeding as opposed to other alternatives when we see what the settlement is going to be.

Ms. Bryden: If we live that long.

Mr. Gaunt: May I ask has there been any change in policy with respect to these prosecutions, particularly in view of the fairly

recent Ontario Supreme Court decision where the judge stated the provincial government carries on environmental protection in, I think he said, a free-wheeling, ad hoc manner instead of by regulation? Did that little tap on the knuckles do anything over there? [10:30]

Mr. Mulvaney: That was a comment which arose somewhat obliquely and indirectly in a case. The judge was indicating a view, which lawyers and judges often do, that they favour a regulation to the point where each law is reduced to a specific standard. I understand the current view of the government is in favour of deregulation where possible, and the real issue here is whether the water quality criterion, which is what the judge was talking about, should be reduced to legal standards or whether there's an advantage in having the degree of flexibility which you can have by using the control orders and the other mechanisms. I think I will refer that to the deputy minister as it's a policy question.

Ms. Bryden: Would you care to comment on why we do not have water quality standards that are mandatory?

Hon. Mr. McCague: I could comment on it but I don't think it comes under this vote, and I will on Thursday.

Mr. Germa; Mr. Chairman, could I remind the minister that Ms. Bryden did ask the question whether charges were considered against Reed Paper company on the English-Wabigoon. It might be under this vote that the minister wants to answer that question.

Hon. Mr. McCague: It's not really under this vote, Mr. Germa.

Mr. Germa: We have your chief solicitor here. I thought this question that she raised was pertinent to the gentleman we have at the microphone right now.

Mr. Mulvaney: I believe the question was whether any charges were considered with respect to mercury regarding Reed Paper, because, as you know, charges were laid with respect to the pollution from the pulp and paper plant.

Ms. Bryden: It was about the mercury that I asked.

Mr. Mulvaney: The flow of mercury has, of course, long since passed and the limitation periods have long since expired so there's no prospect of such a prosecution now. I can only say that at some point in the past a decision was made not to take such a prosecution.

Ms. Bryden: So the present minister could not be held responsible anyway.

Mr. Mulvaney: It's beyond the limitation period.

Mr. Gaunt: Reed Paper dumped about 20,000 pounds of mercury between 1962 and 1970 in Dryden, which I think all would agree seriously contaminated the river system. Maybe it's unfair to ask you this question, but are you involved in the proposed federal-provincial joint study with respect to the English-Wabigoon?

Mr. Mulvaney: No, I am not.

Hon. Mr. McCague: Mr. Germa, I thought you were asking the question of the further Reed orders.

Mr. Germa: No, I was referring to the mercury mess.

Item 7 agreed to.

Item 8 agreed to.

Mr. Chairman: All right, it's past 10:30. We shall adjourn until 8 o'clock on Thursday night and we shall discuss item 9 under vote 2001, Experience '78. Thank you very much.

The committee adjourned at 10:35 p.m.

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 Castel, A., Director, Program Planning Branch
 Cross, T. W., Assistant Director, Air Resources Branch
 Frewin, R. J., Director, Information Services Branch
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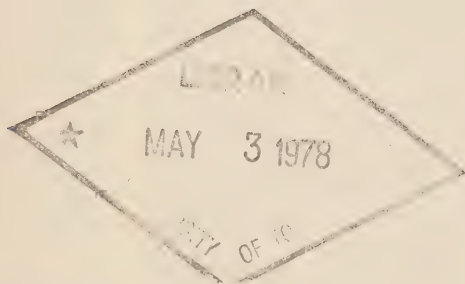
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Legislature of Ontario Debates

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Daily Edition

Resources Development Committee

Estimates, Ministry of the Environment



Second Session, 31st Parliament

Thursday, March 30, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, MARCH 30, 1978

The committee met at 8:10 p.m.

ESTIMATES, MINISTRY OF THE ENVIRONMENT (continued)

On vote 2001, ministry administration program; item 9, Experience '78:

Mr. Gaunt: Mr. Chairman, I have some questions with respect to this particular vote. The government is putting an additional \$13 million overall into their youth employment programme this year as opposed to last year, and yet I notice that as far as the Ministry of the Environment is concerned there is a reduction in the amount. Estimated actual for 1977-78 was \$784,000. In 1978-79 there is \$577,000, which is a rather considerable reduction.

I'm wondering, first of all, why this has happened; and secondly, where are these young people going to be employed? In what particular areas of the ministry work will they be employed? Did the ministry ask for additional funds for this programme but, for some reason or other, got the chop? I'm wondering what happened, perhaps the minister could inform me in that respect.

Hon. Mr. McCague: In terms of dollars, there is \$577,000 in the Experience '78 activity, supplemented by \$60,000 in ministry programs. The number of students remains the same; in 1977-78 it was 433, and in 1978-79 it's 433.

The students are employed in what are referred to in the ministry as external and internal projects. The external projects are student-administered research proposals submitted by universities, community colleges and environmental groups which are considered by the ministry staff to be of special interest to ministry programs. The approved projects are carried out in ministry facilities. The internal projects are supervised directly by ministry staff and employ students to work on projects within the ministry organization.

In 1978-79, 346 students will be hired on external projects. There's a long list of them, they are submitted by the organizations which I mentioned. We have a total of 113 external projects submitted, which would employ a

total of 519 students; but of course we would have to cut that down somewhat. In the internal projects, we have a total of 93 projects submitted by branch or region, for a total of 190 students.

[8:15]

Mr. Gaunt: That will have to be cut down too.

Hon. Mr. McCague: That's right.

Mr. Gaunt: So basically, the main emphasis of the program is external, certainly on the basis of the numbers.

Hon. Mr. McCague: That's right.

Mr. Gaunt: Now what do you do to initiate these research projects? Do you have brochures that you send out to the universities and community colleges and so on, or are these just simply volunteered?

Hon. Mr. McCague: I believe they're volunteered. I'll pick out a few of the ones that do.

Mr. Gaunt: I don't need the whole list, but if I had an idea, of say half a dozen, that would give me some indication.

Hon. Mr. McCague: Lakehead University, Twin Valley Schools in Wardsville, YMCA-YWCA in London, National Research Council, University of Waterloo, Royal Botanical Gardens, Canadian Environmental Law Research Foundation, Pollution Probe Foundation, Geneva Park YMCA, Regional Municipality of Halton, Save Our Streams Incorporated, PhD Associates, Toronto, Pickering Naturalists—113 in total. Some of those, of course, have submitted more than one project—the University of Waterloo submitted 12 projects, Guelph 10, University of Toronto 29.

Mr. Gaunt: What is the deadline for submission?

Hon. Mr. McCague: March 3, I believe.

Mr. Gaunt: So the deadline has already passed.

Hon. Mr. McCague: Right.

Mr. Gaunt: No further submissions will be allowed then.

Hon. Mr. McCague: Right.

Mr. Gaunt: What particular uses does the ministry make of these research projects?

Are they all practical research projects? Are they research projects that in some cases lead to degrees on behalf of those proposing them, or are they projects of a nature which the ministry can utilize in its day-to-day activity?

Hon. Mr. McCague: They're designed that way. Maybe someone else should—Geoff probably could answer that.

Mr. Higham: Perhaps I can enlarge on that a little, just to give you some examples of the particular applications that we have from what we call external projects, which essentially are from the environmental faculties of various universities—and again not to give you a complete list, but some examples.

In our northwestern region we have a submission from Lakehead University, where their project essentially would be to set up a sulphur dioxide scrubber as a lab demonstration unit. We have in the northwestern region from Laurentian University, a proposal to study radon gas levels in and around Sudbury. In our southwestern region, from Western University, a study of livestock farms and feed lots to determine effluent pathways of various contaminants. Also in southwestern, from Windsor, we have a proposed study on the erosion of Lake Erie beaches in Essex and Kent counties. In the west central region, from the University of Waterloo, a study to define and delineate potential environmentally sensitive areas in Brant county.

Those are some examples of the external projects and in each case they propose to hire anywhere from one to 10 students. The average student income that we would envisage would be in the order of \$1,200 for that summer season. In addition to that, we have what we call internal projects which are submitted by the various branches within the ministry. If you like, I can give you two or three examples of it. Our pollution control branch, for example, has proposed to hire one student to assist in the development of a unified nomenclature and program library of the Hewlett-Packard programs used by the ministry.

We have, for example, a proposal from our central region which would assist in the research and the effectiveness and residual effects of two specific pesticides. We have from the resource recovery branch a proposal which would hire 10 students to sample quantities of waste from four source separation study areas and to determine the composition of the waste. Those are only examples but perhaps they give you some

kind of a feel of the sort of projects that we have under the program.

Not all projects will result in formal written reports, but to the extent that they do, then these reports are made available afterwards to all of the branches and regions within the ministry so that they can be used as a supplement to the regular staffing and research work that the various branches undertake.

Mr. Gaunt: May I ask if, for instance, the ministry gave any consideration to hiring a student or several students with respect to completing the study to determine the PCB formation in sewage chlorination? That's a study to which I made reference in my opening remarks and the minister didn't respond to it. I am just concerned that that study be completed. I understand that it's already three months behind and it's being held in some abeyance because of manpower shortages and financial resources. It seems to me that that would be an area where the ministry might be able to make some good use of some student manpower. Has that been considered?

Hon. Mr. McCague: I would think the big matter there is the laboratory work which students would probably not be qualified to handle. The sampling isn't very difficult in the sewage plant where we or the municipality do have people, so I would think the answer to that would be no; the students would qualify in the sampling areas.

Mr. Gaunt: You might get some chemistry students, perhaps in the last year of university, who might be quite well qualified to do some of that testing.

Hon. Mr. McCague: That may very well be. Does anybody know whether or not we do hire students to do testing in labs during the summer?

Mr. Higham: I believe we have a number of submissions here which would, in fact, utilize students in taking samples, both in the water and in the air resources areas. In the particular projects have not been approved as yet. We would expect to finalize the projects selection by about the second week of April.

Hon. Mr. McCague: I believe the area to which Mr. Gaunt was referring was in sewage disposal plants.

Mr. Gaunt: So I gather then there's an anticipation of hiring additional manpower in that particular area to complete the study in the next few weeks or even few months? I shouldn't be pursuing that particular matter under this vote, I guess, is

it just sort of flowed into the vote with respect to additional manpower, and that manpower being—in this case under the vote we are discussing—summer students.

Hon. Mr. McCague: Perhaps Paul Foley would come up.

Mr. Sharpe: Before you do that, Mr. Chairman, I can say that we are hiring 75 students in the laboratory this summer with our regular testing program. It's down somewhat but we always have hired students for the laboratory in the summer.

Mr. Foley: This is on the question of production of PCBs and waste treatment plant, sir?

Hon. Mr. McCague: Yes.

Mr. Foley: The laboratory at MOE undertook a lab-scale study on the production of PCBs from biphenyls, bichlorination. By a lab study, I mean you are dealing with pure substances: biphenyl, water and the addition of chlorine. Under these conditions it was demonstrated that the reaction does take place and PCBs are produced; as a result of this, a sampling program was undertaken in a number of waste treatment plants—samples of the raw sewage and treated sewage were taken. Treated sewage, of course, is chlorinated as part of the routine plant operating practice; these were then analyzed for PCBs.

The PCB levels in and out of three of the four plants were virtually identical. At one plant, there was a nominal increase; raw sewage is, I think, 16 parts per trillion, the final effluent was in the order of 40 parts per trillion. So in one case—the plant happened to be Hespeler—there was an increase, as I say; and in the other three there was no change in and out.

Mr. Gaunt: Then where does the report stand? I understand there was going to be a report filed. I believe the deadline for that report was December 1977. When do you anticipate that report will be released?

Mr. Foley: The work was completed mid-February, I would guess, and the report is at present in preparation.

Mr. Gaunt: I see.

Mr. Foley: As soon as it is circulated to the ministry for its normal review it would be released in normal practice.

Mr. Gaunt: I see. So is it fair to assume that it will be released in the next six to eight weeks?

Mr. Foley: Yes, sir.

Mr. Gaunt: Thank you. That is all I have on that vote.

Ms. Bryden: Mr. Chairman, I am not quite clear as to the reason for the drop from \$784,000 to \$577,000 if there are the same number of students. Could you tell us what the average or medium wage rate is going to be and how many weeks they will be on staff?

Hon. Mr. McCague: The rates per hour for a project leader are \$2.85 an hour; experienced students, \$2.65 an hour; and inexperienced students, \$2.15 an hour.

Ms. Bryden: Those are just the minimum wage, I believe?

Hon. Mr. McCague: Right.

Ms. Bryden: And are they being on staff for the same number of weeks as last year or for a shorter period?

Hon. Mr. McCague: It's 14 weeks.

Ms. Bryden: You don't know what it was last year?

Hon. Mr. McCague: I think it was a week longer last year.

Ms. Bryden: Is it not true that OSAP requires or assumes that students work for 16 weeks in their calculation of how much they made in the summer? That used to be the previous regulation; I don't know what the new ones are.

Hon. Mr. McCague: I don't know either.

Ms. Bryden: It would be desirable if you could provide the number of weeks that OSAP expects students to work because their grants are tailored to how much they make.

I am not yet clear why there is the drop from \$784,000 to \$577,000 in the amount of money allocated to this program.

Mr. Higham: I think perhaps part of the reason is that in the previous year the Ministry of the Environment funded a number of projects which had energy implications and this year the Ministry of Energy has provided funds for picking up a number of projects that would fall in the category that previously we had funded.

Ms. Bryden: But if we had the same number of students, we must either be paying them less or have them on for shorter periods.

Mr. Higham: Well, as you noted a minute ago, the wage rates are in fact the minimum wage.

Ms. Bryden: Were they not minimum wage last year?

Mr. Higham: Not as I recall.

[8:30]

Ms. Bryden: It is a very large drop. It's almost a third.

Mr. Gaunt: What was the weekly wage last year then?

Mr. Higham: I don't have that information in front of me but I would be delighted to get it for you.

Mr. Gaunt: I agree with my friend from Beaches-Woodbine. They're working a week less this year, the same number of students, and they're getting somewhat less, we're not sure how much less, in terms of wages; but even at that, we're talking \$207,000, that's substantial.

Hon. Mr. McCague: I think, Mr. Gaunt, that some of the difference is in the fact that the ministry itself is picking up more. My understanding is that the wage rates last year were in the neighbourhood of 60 cents an hour more than this year.

Ms. Bryden: The university fees have gone up \$100 since then too. Students are going to need more rather than less money.

Hon. Mr. McCague: I'm not positive why the drop; I know in my own particular area one of the problems that was often mentioned was that we were paying very much in excess as a government of what a local industry and tourist resorts, farmers and so forth, felt they were able to pay. I think there probably was some effort made on behalf of government to get more in line and not to be out of line with what others were paying.

Ms. Bryden: The increase in the minimum wage has been conveniently postponed until August, I believe, is it not, so that we can still pay at last year's rate.

Mr. Higham: Not quite; the wage rates payable to the students under this program will be adjusted as of August 1.

Ms. Bryden: So there will be a slight increase there, but it still would appear that there are either less weeks of work or a smaller wage being paid than last year to account for this very large drop in the vote.

Mr. Chairman: Do you have any further questions, Ms. Bryden?

Ms. Bryden: No, that's all I have to say.

Item 9 agreed to.

Vote 2001 agreed to.

On vote 2002, environmental assessment and planning program; item 1, program administration:

Mr. Gaunt: The Provincial lottery funds are being applied to a number of projects in the ministry. Could I have a progress report on those particular projects which we discussed last December?

Hon. Mr. McCague: Mr. Gaunt, it's going to be a little difficult for me to give you the

differences between what was discussed in last year's estimates and what the situation is now. I give you what the situation is now.

Mr. Gaunt: All right, just tell me what the situation is now. I'll accept that and then I'll draw my own conclusions.

Hon. Mr. McCague: Okay. I think in 1977-78 there was \$1,075,000 spent on projects, of which very few were completed. For instance, in environmental clean-up on inactive and abandoned mining properties there was \$125,000 spent last year and there is \$200,000 in that program for this year; testing PCB substitutes for toxicity, there was \$67,000 last year and \$60,000 this year; virus contamination in the Ottawa River drinking water and swimming areas, \$39,000 versus \$59,000.

Investigation of the environmental health hazards associated with road oiling, \$99,000 last year, \$30,000 this year; spread of St. Louis encephalitis through avian and rodent reservoirs, \$8,000 last year and that's completed; radiation control measures at Elliot Lake, \$500,000 last year, \$250,000 this year; chloroform reduction investigation program at Belleville Utilities Commission, \$15,000 last year, \$14,000 this year; clean-up of PCB spill at Dowling, Ontario, \$139,000 last year and that's completed;

Assay of air and waterborne mutagens, that's an ongoing project starting this year with \$74,000 and carrying on for three years; provincial inventory of hazardous chlorinated and aromatic hydrocarbons, starting this year with \$143,000. There are some projects pending approval and some projects under consideration.

Mr. Gaunt: I am wondering about the road-oiling study. You said \$99,000 last year, \$30,000 this year. I am wondering what accounts for the drop. It seems to me that, based on what we found out about waste oil on roads, it is a very important problem. Why the drop at this particular stage?

Hon. Mr. McCague: Last year our ministry in co-operation with MTC attempted to assess the effectiveness of used oil as a dust suppressant, its effect on the road surface and the environmental effects of the practice. The first phase of the study was completed last year and it involved assessment of the effectiveness of the suppression, the effect on the road and transport of contamination from the road surface via runoff and airborne dusts. Because of the wet summer in 1977, dust movement was minimal. The second phase of the study proposed for 1978 will attempt further assessments in that area and also measure uptake of contaminants in plants.

Mr. Gaunt: Based on what you know, the minister indicated that as far as PCBs in road oil were concerned they didn't pose any threat to health. He was convinced of that and issued a press release to that effect. I am not so sure. I think this is certainly one area where additional funds could be applied from the Provincial lottery. I am rather disappointed that there has been a drop of about \$69,000 in terms of the moneys applied to this particular project.

It seems to me that the existence of PCBs in any place, whether atmospheric, on the road, in oil or whatever, poses some kind of threat because of their very nature. They are extremely hazardous materials and they do pose health hazards in the environment, in the air or in the water. It seems to me that the ministry under those circumstances should have taken, and should still take, in my view, action with respect to limiting the use of oil on the roads during the summer period unless that oil has previously been examined for PCB material.

Surely that wouldn't be a terribly difficult thing to do? I think one just has to have a few testers around to check the waste oil storage facilities of the various applicators and simply do it on that basis. If they have been cleared by the ministry, then the oil can be applied to the road; if not, it can't. Perhaps this is one area where additional funds should be applied instead of reducing the amount.

Hon. Mr. McCague: When you started off, you were talking about funds from the lottery, and I gave you the figures as to how moneys were going to be spent from the lottery. My understanding is that, in addition to that, the ministry will be spending about \$25,000 on in-house investigations and an additional \$70,000 on further studies. The figure on lottery funds was \$120,000 in total and we will be spending, in addition to that, almost another \$100,000 on our investigation.

As far as your points are concerned about testing of oils, contrary to some reports I've seen, I don't think I have said we will continue with the program. We will look at it and testing may be the only way. The problem is the only test is in the laboratory, as I understand it, and it's a slow process which makes it difficult to carry on with the program to any extent. My understanding is that in the States they do allow up to 100 parts per million in oils used for road purposes.

I think your suggestion is a good one and we are looking at it. We have very soon to make a decision whether or not we're going to allow oils to be used on roads this summer and, if we are going to allow them, under

what circumstances. This is an ongoing, day-after-day study with us to determine what we should do.

Mr. Gaunt: I just make the plea to the minister that I don't think oil should be used on the road unless it's absolutely safe. We put about six million gallons of oil on the roads in Ontario per year. That's a lot of oil. In view of the very hazardous nature of PCBs, the fact that they cause birth defects, cancer, liver disorders and all sorts of things, I don't think it's worth the risk. That's all I'm saying. We should be absolutely certain that this is a safe material.

Perhaps there would be some difficulty in going out to take samples at storage facilities, bringing them back to the lab and testing them. Certainly it would be easier if it could be done with a mobile lab. If that can't be done, it makes it a little more difficult. I still think it should be done, notwithstanding the fact that the process may be slow.

Mr. B. Newman: Can we continue on the same item?

Mr. Chairman: Just a minute. Mr. Lane, please.

Mr. Lane: When you were reading over a list of expenditures to Mr. Gaunt, you mentioned the amount that had been spent at Elliot Lake last year and what would be spent this year. Were those funds from the Provincial lottery?

Hon. Mr. McCague: Yes.

Mr. Lane: What were their amounts again, please?

Hon. Mr. McCague: For radiation control measures at Elliot Lake—and my understanding is this is a study, it's research—it was \$500,000 in 1977-78 and \$250,000 in 1978-79.

Mr. Lane: Your ministry, I believe, was the lead ministry in the radon gas problem for the province at Elliot Lake. I assume this was a study related to radon gas?

Hon. Mr. McCague: This is half what is being spent. The federal government is spending a like amount.

[8:45]

Mr. Lane: So I assume then with the amount that is planned to be spent this year as opposed to what was spent last year, the study is nearing maturity. You've got a handle on the problem, have you?

Hon. Mr. McCague: I believe so.

Mr. Drowley: This is a joint study and remedial work conducted by our government and the Atomic Energy Control Board. We have a consultant working for us up there

and he is doing both remedial work and investigative work.

It is very difficult to understand how radon gas gets into a building and they have spent an awful lot of money in determining actually how it does get in. Does it come through cracks in the wall? Does it come through the weeping tile and sump system? Do we put tiles under the basement slab and ventilate the whole thing? Just how, in other words, does the radon gas get there?

They spent quite a bit of money in determining this and they will be issuing a report very shortly on it. They have done a fair amount of remedial work in removing waste rock from mines that has been used in driveways for underfill and this sort of thing. This is the sort of work that they are doing up there and it is a cost-shared operation.

Mr. Lane: The thing that concerns me, of course, is that the building program pretty well came to a stop when this radon gas discovery was made. Construction has remained at a very low level since that time and, of course, we have a very serious housing problem in Elliot Lake as a result of that. I am just wondering if the green light is likely to be flashed early in the season this year so that we can get on with our building program.

Mr. Drowley: I wouldn't say housing came to a stop up there. There was a subdivision of approximately 300 homes that was built or is in the process of being built. They are all being equipped with the underfloor tiling and vent. These are being checked out by our health advisers in the Ministry of Labour. I understand the clearance rate on them is extremely good, sir.

There was a hearing in early March during which Housing went into the area and presented data on remedial measures for new housing. We would expect their recommendation from that very shortly.

Ms. Bryden: Mr. Chairman, I gather from what the minister says that there is money coming from lottery funds into a study of the oil that may have PCBs in it and that in addition regular money from the ministry is also being used for looking at this problem.

I am just very concerned as to whether enough is being done, because the spring road-oiling season is upon us now and when the minister issued his statement on February 23 this year about the discovery of PCBs in some of the waste oils, he mentioned that only 22 samples had been taken but two of them had levels of PCBs well in excess of the 100 parts per million that he said was considered the standard. One sample con-

tained 1,135 parts per million and another had 310 parts per million, so that just among 22 samples there appears to be a serious problem.

I did ask in my leadoff on Tuesday whether all oil that is being used or which is planned to be used by local governments and road maintenance bodies is being tested and whether these bodies are being notified of the dangers of using untested oil. My friends from the Federation of Ontario Naturalists are very concerned about this getting into the watercourses and ultimately into the lakes as well as into the crops if it rolls off the side of the road. In fact Mr. Mike Singleton of the FON says they have noticed that double-crested cormorants haven't reproduced in the Great Lakes over the past five years and they have found deformities in tern and herring gulls, and they are just wondering whether some of this PCB oil could be the cause.

I think it is a real emergency we are facing and I think the ministry should be acting much more promptly on this and not saying that we haven't started to oil yet, because we will be starting very soon. The minister should be warning anybody who is planning on using it and perhaps setting standards as to how they can use it; it must be tested ahead of time. I would like to know what his plans are for notifying the local authorities.

Hon. Mr. McCague: It seems to me that there are many things we could do. I have been discussing in the ministry whether or not we should warn every municipality that there may be PCBs in oil and they may be dangerous and maybe they shouldn't be used on roads. There are all kinds of avenues we might consider; how close to water or streams they could be used; that they should be tested ahead of time.

One of the very real problems we face is if we don't allow it to be used on roads—and our information is, as I said earlier, in the States they allow 100 parts per million and there is a lot of it used on roads—that may not satisfy a lot of people. But I just don't know what we are going to do with it if we don't use some of it, at least at the low levels on roads. It is going to find its way into sewers and eventually into lakes. I think we just want to be sure we have a good case.

Our information from Labour is that at the lower levels it is not dangerous to health. But I think that is an opinion rather than what you might like to think was a solid fact. So we really have a problem with it, and I agree with what the critics in both parties have

said; we have to be very careful about this and we realize, as you do, that time is running out. But we still feel that we can make some significant determinations, based on more fact, within the next three to four weeks.

Ms. Bryden: Are you planning to test all road oil that is going to be used in the next few months?

Hon. Mr. McCague: I would like to hear from Mr. Turner as to whether it is a possibility—that all oils could be tested.

Mr. E. W. Turner: Mr. Chairman, yes it is a possibility, but we do not have any definite plans at this time to test it. I think they will be formalized within the next three or four weeks, as Mr. McCague indicated.

Ms. Bryden: How much road oiling will be done in those next three or four weeks?

Mr. E. W. Turner: I don't believe the road-oiling program really starts until May in most areas.

Ms. Bryden: But you think you will get it tested before any of it gets on to the roads? Would it be possible to test all road oil before it is used this year?

Mr. E. W. Turner: Yes, I think it would be possible.

Ms. Bryden: Are you planning to work out such a program, Mr. Minister?

Hon. Mr. McCague: Mrs. Bryden I don't think there is any particular problem as Mr. Turner has said with the testing of oil. It is used by the regular applicators of oil, the people who are in the business. I think we are going to have great difficulty in assuring that every sample of oil that hits the road is going to be tested. That is why, as Mr. Turner has said, we need the three to four weeks to figure out just what we are going to do. There are quite a few options open to us, as I have suggested to you.

Ms. Bryden: If two out of 22 samples were at levels that could be considered hazardous to health, can we risk letting any of it go out until we are sure it is not at that level of PCB contamination?

Hon. Mr. McCague: I don't think you can consider that without considering also the implications of not letting some of it out, because my information is that all the receptacles for used oil collected by people in the business is that they are going to be full come May 1 or May 15, and if those people aren't allowed to pick up any more used oil, it's going to go somewhere where none of us wants it to go. I think we have to weigh it carefully but it would look as if the best solution would be to test it, and then it's a

matter of at what level, and that, again, is a matter for debate.

Ms. Bryden: The high level would presumably have to be burned, would it not, rather than be used on any place where it could get into the streams?

Hon. Mr. McCague: Yes, we would like to burn it.

Mr. Chairman: Do you have any further questions, Ms. Bryden?

Ms. Bryden: Well, I do on other items but I think Mr. Mackenzie wanted to pursue a little bit on the oil.

Mr. Chairman: Very well. I think Mr. Newman was next.

Mr. B. Newman: I would like to ask the minister if I am correct in my understanding that PCBs, once in the body, are not eliminated very easily, that there is the cumulative effect from PCBs that the individual is exposed to; so regardless of how low that limit is today over one's lifetime, it can be very serious if it has that type of cumulative effect?

Mr. E. W. Turner: Mr. Chairman, I am no expert in the medical field. It is my understanding that the body does have the ability to get rid of PCBs that are ingested or inhaled but at the same time it also does accumulate them. But I think we would have to refer that question to the experts in the Ministry of Labour for a satisfactory answer.

Mr. B. Newman: I would suggest to you, Mr. Minister, that you have your officials take a real hard look at this because it would be better not to be sorry later when finding out that we could have prevented a serious problem by taking action now. Look at the PBB problem in the state of Michigan. Everyone pooh-poohed it three and four years ago. It has cost millions and millions of dollars to the state as well as to the two industries that were involved in the manufacture of the chemical that happened to be accidentally mixed with cattle feed.

I am afraid that maybe in playing around with PCBs, we are playing around with dynamite; just as chlorinating water tends to develop chemicals within the water that are carcinogenic, from what I understand. This has been raised, I know. I raised this issue in the House back in 1974 or 1975 and no one seemed to be disturbed about it. But more and more people are getting disturbed because of chemicals that react with chemicals absorbed in the body. As a result the combination of maybe two innocent chemicals can create something that can be carcinogenic

or seriously detrimental to the individual's health.

We are playing around with chemicals in society today when we don't know the long-term effects of them; and if we can stop some of this at an early stage, we should be doing it. For example, when we are talking about the oils that are going to be used for spraying on the roads, maybe only oils in a container that have been approved and inspected by your ministry should be allowed to be used.

We just can't allow anyone to come along and do it.

[9:00]

As it is now, you'll say: "If you don't allow the use of the oils, they're going to end up in the water courses." They will end up there unless you are prepared to take some type of action to prevent that from happening. I think your ministry has to look very, very seriously at this in concert with the Ministry of Health, because I don't think you people yourselves could develop that expertise, but you could control the use of a lot of these chemicals.

That's what I wanted to raise with you, Mr. Minister, because we, in the city of Windsor, have had the PCB problem, especially the one related to the industry just outside of the city of Detroit—actually surrounded by the city of Detroit—and I attended meetings with city council there when all of this was discussed. Likewise, I've attended meetings with the Wayne county board of health. Because of Windsor's strong position towards it and because of the concern of the mayor, they are now having a completely new look at the PCB field and they're getting very concerned. I would say that the PBB problem brought all of this extra attention to the PCB concerns that are expressed all over. We've got to look at it very, very closely.

Hon. Mr. McCague: Which we are doing.

Mr. B. Newman: Well, I hope your officials are. Knowing some of them fairly well, I know that they're just as concerned as are we. They don't want their grandchildren adversely affected healthwise, as a result of some of the playing around that goes on in society. Maybe you, Mr. Minister, have to come along and take an inventory of every type of toxic chemical that is kept by any industry, or anyone in the province, so that you know what happens to these toxic chemicals, whether they're going into our water courses or whether they're actually being eventually consumed by burning.

You are going to have to look very closely

at setting up your own facility for the burning of these toxic chemicals in some remote area. You can't wait for private enterprise to get at it. You've got to start it and once you've started it then maybe you would wish to dispose of it to a private enterprise to carry on. That, then, is a different story. You've got to set up this type of a burning facility. We're waiting too long for private enterprise to do it; and then private enterprise may, sometimes, try shortcuts, whereas I don't think the ministry would try shortcuts in the eventual disposal of toxic chemicals and toxic substances.

Mr. Mackenzie: In the same area, Mr. Chairman, I'm wondering if some of the funds that you're getting mean that you're planning something specific in addition to the programs of research you have, into the effects that may be there on workers who have worked with oil containing PCBs over a period of years. I'm thinking in particular of the Ferranti-Packard plant and the transformers that were built there. From talking to some of the employees—and in spite of some of the responses that have been in the House, particularly from the Minister of Labour—there were some pretty sloppy handling practices for a long while, probably before we really realized the possibilities of this coolant, or this fuel.

I understand that although they have finished the last three new transformers they're not using them with the oil containing PCBs any longer, but they're still repairing them with this oil containing the PCBs. I'm wondering whether we have thought of doing any particular studies in terms of those employees who have been involved with it for a long, long time. That might be a legitimate project.

Hon. Mr. McCague: I think you're right. That's a legitimate project and the Ministry of Labour is seeking Wintario funds for just such a study. In the meantime, the Ontario Hydro medical staff is monitoring the people at the Adelaide Street fire. I'm not sure about the plant which you mention.

Mr. Mackenzie: What about the Toronto fire? I recall a press release that came out from the union involved dealing with some of the employees who had been sent in to do a cleanup a week after that fire; they were claiming chloracne facial lesions as a result of working with it. I recognize that the Ministry of Labour may be involved in that, but since we have just been relating it to the oil you are using on the roads, I am really wondering if the Ministry of the Environment

shouldn't be involved just as much as the Ministry of Labour or anybody else.

I really wonder also about not doing the testing in advance. I recognize the logistics of trying to test every container of oil you use, but given the more recent concerns over long-term exposure even to low-level doses of some of the toxic substances we are running into today and the effect of combinations of substances that are beginning to concern those in the industrial health field, I really have to wonder if we should be using it, or if we shouldn't be burning something like the road oil. I am just wondering about specific projects that look at people; is that something you figure is entirely the Ministry of Labour's responsibility, or isn't it something that could give the Ministry of the Environment a little more information on just how this is affecting people?

Hon. Mr. McCague: I think we are working very closely with Health on the matter; they are the lead ministry on it. As far as the monitoring of the firefighters at the Adelaide Street fire is concerned, perhaps Paul Cockburn has some recent information.

Mr. Cockburn: Actually, Mr. Minister, I don't think anything has actually changed since our news release on this where we reported that Dr. Harding of the Ministry of Labour has indicated that they did not expect any significant risk to health as a result of that fire, and that ongoing tests are continuing both with the Hydro and some of the other agencies that were involved as far as medical testing is concerned. But there has been no indication of any risk to health at all as a result of that incident.

Mr. Mackenzie: Can you relate that one-time occurrence, though, to the concern over extended exposure to even low-level doses? What happens if there is a second or third exposure such as that to some of the people who are involved?

Mr. Cockburn: I think these are things that are of concern to the medical staff in Labour, because there is a possibility—possibly remote—that this could happen again to some of these people. So certainly they are concerned, and I am certain that they are working towards trying to establish whether or not this is a cumulative problem that could occur.

Mr. Gaunt: I asked the minister in the House about the study that was proposed for the occupational health branch of the Ministry of Labour and whether or not Dr. Harding, in conjunction with the Ministry of the Environment, was able to get funding from OHIP to do some liver testing on some of the people who were exposed at the time of

the fire. Am I to understand that that study is going forward?

Mr. Cockburn: I didn't say the study, necessarily, Mr. Gaunt. I know the concern is there, but how they are going to finance it and who is going to do it, exactly, I am not aware. But I know Dr. Harding considers this his main concern in many areas right now of PCB contamination. It is one of the things they are looking at. Whether he has started it or whether he has worked out with other agencies to do the testing, I am not sure. I haven't been involved with him on this since this incident, really. But his whole exercise these days seems to be into the PCB area, and these things are prime in all our minds as possibilities, the liver testing being one that came out as a result of the Adelaide Street situation.

Mr. Gaunt: The news release was perhaps slightly misleading because it indicated there was really no risk to health—that they had identified one toxic material, but there was no risk to the health of those people so exposed. My understanding is that there could be at least two or three, or perhaps even more toxic materials created because of the burning process at the time of that fire. They simply haven't been identified because the ministry laboratories aren't sophisticated enough to identify them.

Having said that, it follows that some concentrated effort should be made as quickly as possible to check the people who were exposed and to do liver testing on those people to get at the problem another way. What I'm saying is, if you don't have the laboratory facilities to adequately check out in the first instance, then the least that can be done is to check the people who were exposed to see if they have any after-effects and take it from that point of view.

It is very important that this be done. Whether it's because two ministries have a great deal of difficulty co-operating on an important matter of this nature or whether one or the other doesn't feel it's important enough to pursue, I really don't know, but there must be some foot-dragging somewhere along the line. I would hope that we get on with it.

Hon. Mr. McCague: Mr. Gaunt, I apologize for not answering your question in the House that day and not getting back to you with an answer. The reason I didn't is that I understand you and the Minister of Labour (B. Stephenson) had a discussion in which she clearly identified to you that it was under her ministry and that she was seeking funds. I think there was representation made to the

lotteries for funds. I understand there is a fund in OHIP. Mr. Sharpe assures me there will be funds from that and that the study will be started very shortly.

Mr. Gaunt: That's good.

Hon. Mr. McCague: Am I correct in saying you had a discussion with the Minister of Labour?

Mr. Gaunt: Just a very brief discussion.

Hon. Mr. McCague: I can still answer it in the House if you like.

Mr. Gaunt: No, if the study is going ahead, that is all I'm concerned about. If I have your assurance that is the case, fine; that is all I am worried about. There is no necessity to answer it in the House now.

Mr. Chairman: There is a quorum call. There will be a vote in the House in a few minutes. Is it the wish of the committee that we adjourn until the vote is over?

Mr. Lane: It is a 10-minute bell.

Mr. Chairman: It is a 10-minute bell, yes, so we have to go.

An hon. member: Until when do we recess? Until next week?

Mr. Chairman: Oh, no, we come right back after the vote, please, as quickly as possible.

The committee recessed for a vote in the House.

On resumption:

[9:30]

Mr. Chairman: We have a quorum again. When we recessed for the vote we were on vote 2002, item 1, program administration.

Mr. Mackenzie: I'm not really sure there is a firm answer, but I was asking whether or not you had considered any studies on the workers involved there, and also whether or not there had been any verification of the release by the union claiming chloracne lesions as a result of the clean-up at the Adelaide Street situation. Is it something that your ministry has looked into at all?

Hon. Mr. McCague: I doubt, Mr. Mackenzie, if there is anybody here who can answer that. What we did as a ministry following that fire was to make sure that every fire department and public utilities commission were well aware of the presence of PCBs. We could try to get the answer for you from Labour, but I don't think anyone here has that answer, except that we do know Ontario Hydro, as I said, is monitoring the people who were involved and I know that Labour is attempting to get funds for the studies you are mentioning. I'm sorry, but that is as far as we can go at this point.

Mr. Mackenzie: Supposing any further testing shows the levels are too high in some of the oil that we would use for the road oiling programs, what kind of program does your ministry have to take a look at that was being raised by Mr. Newman, the question of facilities to burn the oils or some of the contaminants? Have you got a contingency plan for that? Supposing you find you are in a position where you have to dispose of the material in fairly large quantities very quickly and can't use it on the roads? As an environmental ministry, what are you planning in terms of getting rid of this kind of a substance?

Hon. Mr. McCague: As a ministry we are convinced that it is safe to burn them at St. Lawrence Cement, but there is a hearing there which won't be held until September. We are convinced they can be burned there at 25 per cent volumes and still be destructed.

Mr. Mackenzie: Do you have any idea of just how much you would be burning in the event you were forced to do this? If you suddenly had a large amount that had to be disposed of, would this present any problems?

Hon. Mr. McCague: I'm not sure. Mr. Turner, I think, could tell us what volumes could be burned there.

Mr. E. W. Turner: The St. Lawrence Cement facility can handle all of the PCBs and PCB-contaminated waste oils that are generated in the province without any trouble. They have the capacity.

Mr. Mackenzie: Okay. One final question: I take it that the value of using this oil on the roads is such that if you were not able to use it, the potential loss would not be a deterrent factor in terms of getting rid of it if you found the readings were too high. I would hope that would be the case. I guess I'm just putting you on the spot by asking if the oil's potential value to you in road oiling operations is not going to be a factor as against the dangers that may be involved in the use of it.

Hon. Mr. McCague: If we were to get approval to destroy the PCBs by burning, then it would be a good and useful way—it's not a useful way of getting rid of them; there is no useful way at this point of getting rid of them unless we do it through road oiling.

Mr. Mackenzie: I was just reading an interesting piece from the Science Council of Canada's report number 28, dealing with another one. This is not PCBs but it's the

identical situation I'm concerned with. On vinyl chloride, for example, one of the observations made was that if vinyl chloride had not caused a very specific histological tumour, its recognition as a carcinogen might have been delayed for a long time, because up until 1973 most toxicologists had considered vinyl chloride to be relatively safe. Some of the comments in that same report deal at some length with the problem now of latency periods for various occupational diseases and the degree of uncertainty in assessing the risk associated with long-term, low-level exposure. It may be low-level in most of this oil, but this is really what I'm concerned with.

Mr. E. W. Turner: I don't have any comment on that.

Mr. Chairman: Any further questions, Mr. Mackenzie? Mr. Newman.

Mr. B. Newman: I want to ask the minister whether his officials have gone to Texas to see the facility that has been constructed there by Rollins Environmental Services and is used specifically for the burning of waste and toxic liquids. I happened to attend a meeting in city council chambers with other members from the Windsor area. At the meeting we had Mr. Ted Rattrey, director of the waste management branch of Fisheries and Environment Canada, and Mr. Kim Shikaze, director of the environmental control division of the Ontario region of Fisheries and Environment Canada, together with the person responsible for the environment in the city of Windsor. They are quite familiar with the facility there and from the discussions with them, apparently it may be a partial answer to the problem of liquid wastes.

I'm wondering if you, Mr. Minister, have suggested to the feds that they co-operate with you. Maybe, if you can't build a facility yourself, you and the federal authorities combined could build a facility or facilities in the province of Ontario to take care of the ever-increasing amounts of liquid waste that we are going to be confronted with. Have you approached the federal authorities for maybe a partnership project?

Hon. Mr. McCague: I have not.

Mr. Sharpe: The work that was done at St. Lawrence Cement was a joint venture initiated by Environment Canada. We are working with Environment Canada on this problem.

Mr. B. Newman: The report we received from the individual responsible for environmental control in the city of Windsor—his name will come to me later—was not favour-

able as far as burning PCBs in a cement kiln is concerned because of the puffing effects. When you get into the facility that is built specifically for the burning of liquid waste, it's not a case of converting an old facility to try to find a second use for an old facility. It is something that is built specifically for the burning of toxic and waste liquids.

The recommendation that the representatives from Environment Canada made to us was that we probably should have facilities for burning of these scattered throughout Canada. I am not saying we need them in every municipality, but possibly one or maybe two would be able to take care of all of Ontario's needs. I would think you should talk with the federal authorities on this and see if together maybe you could come up with a facility.

I don't think we can keep waiting and putting this off. The problem is ever-increasing, and unless we start meeting it head on we don't know what type of effect it can have on future generations. We've got to act now.

Will you then give us an undertaking that you will have your officials talk with the federal authorities in Environment Canada and see if you can't come up with some answer for the burning of liquid and toxic wastes?

Hon. Mr. McCague: Mr. Newman, I think you are talking about the whole matter of toxic wastes.

Mr. B. Newman: Yes.

Hon. Mr. McCague: You did refer to PCBs.

Mr. B. Newman: Right, PCBs being one of them.

Hon. Mr. McCague: We and Environment Canada are convinced that the best way for destruction of oils with PCBs is at St. Lawrence Cement. You are referring to other methods. I would be glad to take a look at that and I think the plant you were first referring to was in Houston, was it?

Mr. B. Newman: Yes, I think it is in Houston.

Hon. Mr. McCague: As I understand it, it is right in the heart of a completely industrial area.

Mr. B. Newman: That's right, yes. It is in Houston. It is called Rollins Environmental Services Company. I would suggest maybe that it would be worthwhile sending several of your officials down to look at the facility. Then, as a result, they may have a new outlook and will realize that the cement kiln

method is not the best method. There are too many problems involved with it.

From what we have been informed back in the Windsor area, one of the reasons Detroit has held back on giving the permit to the cement company in Delray, Michigan, is because of the problems that are involved in the burning of PCBs in a cement kiln. The city environmental inspector did at one time work with a cement kiln. He is thoroughly familiar with the problems involved. If I am not mistaken, he was even present at the meetings in Mississauga. He pointed out the problems they would be confronted with in Mississauga if they continued with the burning of these chemicals in a cement kiln. He makes a very good argument, in spite of the fact that the cement people will tell you a different story.

Hon. Mr. McCague: Mr. Turner, do you have some comments?

Mr. E. W. Turner: Yes, I think I can comment on that. The incinerator route, such as the one that Rollins has down in Texas, was in fact the method used to destroy this type of material for some time. There are problems with incinerators. They are extremely expensive to maintain when you are burning chlorinated materials. You have to continuously replace the fire brick in them and so on. Because of this, a number of the incinerators there were around in the States fell into disuse because they were uneconomic to use. It was really for this reason that the technology of looking at a cement kiln was developed because a cement kiln has a built-in safeguard against the acidity of the chlorine gases that are generated when you burn these types of materials.

[9:45]

We are familiar with the facility at Houston. We are also familiar with all of the facilities that are available in the United States for incinerating this type of material in the sense that we know where they are located. We know what the technology is. We know what they can handle. We have not visited the actual installation in Houston. We know our friends in Environment Canada have visited it. We have discussed it with them. So we know exactly what it entails.

On your earlier point, on numerous occasions we have discussed the matter of facilities in the province with the federal government, certainly at the staff level, and we have very good liaison with Environment Canada in this whole area. At the moment, we just feel that the cement kiln route is the route to go in Ontario and I guess we are waiting

for the environmental hearing to be completed on that.

Mr. B. Newman: How do you answer the problem of puffing in the back draft of the cement kiln, where the ring develops and as a result you have the blowing out of unburned PCBs?

Mr. E. W. Turner: I don't answer it but the answer given by St. Lawrence Cement on that is that by controlling the rate at which you fire this material into the kiln you can prevent this build-up so that you don't get this puffing. And I realize that Mr. Romano disagrees with that.

Mr. B. Newman: Mr. Romano is the man I was referring to in the city of Windsor.

Mr. E. W. Turner: But I think we have to rely on St. Lawrence Cement's operating experience with their own kilns.

Mr. B. Newman: From Mr. Romano's experience in the cement kiln industry he certainly does not speak highly of using that type of facility for the disposal and the burning of liquid wastes. He was very highly impressed with the Houston facility and as a result I think the two gentlemen, that is Mr. Rattray and Mr. Shikaze, or some of their officials, will be going to Houston to familiarize themselves with it. Now that Mr. Romano has made his point of view they will be checking it out. I would suggest that it would be worth your while investing possibly \$500 or \$1,000 to send two of your officials down there to really check this out.

Will you do that, Mr. Minister?

Hon. Mr. McCague: Sure, no problem in checking it out. With all due respect to the particular opinion that you have there are other people with other opinions and I guess that is the purpose of the hearing.

Mr. B. Newman: That's right. I don't think for one minute that I know things on this. All I can tell you is what I—

Hon. Mr. McCague: I am not referring to you.

Mr. B. Newman: —have heard from other individuals, listening to them; and other individuals who were concerned, working in the environment field. I would be more than willing to gamble \$1,000 on something that may prevent serious health hazards for generations to come.

Mr. E. W. Turner: The only comment I would like to offer on that is that it is difficult to think of where you could locate such a facility, as say the Rollins incinerator, in Ontario. We have great problems in locating facilities to handle wastes of any type throughout the province and I just don't know

of a location that would be acceptable to the public for such a facility at this time.

Mr. B. Newman: I accept your comments because that was one of the things we were confronted with at the meeting with the mayor and Mr. Romano and Mr. Harding, who is in charge of public works. No matter where you think of placing the facility you are going to have people who will strongly object to it.

The Houston facility has the decided advantage that it is in a fairly heavily industrialized area—it is in the oil area—and as a result there is not the objection from people who may be within 15 miles of the location. But I would hope and I would think that there might be some locations in the province of Ontario that are substantially remote where a facility like that could be constructed. I would hesitate to come along and say, "Put it in place A as opposed to place B," because I don't know, but the officials from your ministry I would think would know of enough areas in the province that may be remote where such a facility could be constructed.

Mr. E. W. Turner: May I offer one last comment? With due respect, sir, one of the major concerns with burning PCBs is the risk associated with transporting them from the places where they're generated. There is probably a much greater risk in transporting them over large distances to an incinerator located in a remote area than there would be in burning them, say in a facility such as the St. Lawrence Cement kiln.

Mr. B. Newman: Have you contacted the city of Detroit on the requisites that they were going to impose on tankers that were going to transport liquid toxic wastes?

Mr. E. W. Turner: I haven't personally, but I'm aware of what you're alluding to. But that notwithstanding, there will still be accidents. Statistically there is going to be a spill of PCBs at some point in time.

Mr. B. Newman: They have factored safety features on practically every device that you could think of. I was quite impressed with the restrictions that were put on by the city of Detroit as far as the transportation of chemicals was concerned. I think maybe even we should be looking at that to see if the transporting of these chemicals could not be done in a safer way than at present.

Mr. Germa: I have a couple of questions under this vote. One has to do with PCB spills and another to do with radiation levels.

The specific spill I'm talking about is a spill on December 6, 1977, at the Inco Metals Company plant in Copper Cliff when

some urban guerrillas blasted a couple of outdoor transformers. They spilled 3,900 gallons of mineral transformer fluid, which at the time they thought was PCB-free. After analysis, of course, they found out that the spill contained 500 parts per million of PCBs, as a trace contaminant.

There was an initial clean-up and approximately 2,000 gallons were recovered, some as liquid oil and some in the snow, some in the soil and some in absorbents. A portion of this collected soil material was shipped to Model City, New York. I'm wondering how that fits in with the statement of one of your officials who said that Ontario has the facility for burning any contaminants which are generated in the province. This also ties in with the transportation problem of these contaminants, that accidents can happen. So we had approximately 2,000 gallons picked up which left 2,000 gallons of contaminants still unaccounted for.

What I'm trying to do, Mr. Minister, is find out just where we are on this particular spill. There was further testing done. Drill holes were sunk. They ran into clay type soils and we assume that the other 2,000 gallons unaccounted for are contained in the granular fill under the transformer station, this clay bottom. I understand that further attempts at recovery will be made in the spring.

Because it was assumed, I imagine, that this mineral oil didn't contain a contaminant, 300 gallons of this oil were stored in a 37,000 gallon waste oil tank on the property of K. R. Thompson in Sudbury. I see the problem spreading. If you dump 300 gallons of contaminated fluid in with 37,000 other gallons, you end up with a horrendous problem. You start out with 4,000 gallons and as far as I can understand this report I have in front of me, we now have on our hands 37,000 gallons which presently tests at approximately six parts per million of PCBs. As far as I know, and this report is dated January 13, 1978, this 37,000 gallons of polluted material—I don't know how full the tank was, of course, at the time they dumped in the 300 gallons—is being held now until final disposal can be arranged.

I'm wondering how this ministry can get into so many problems. They seem to have two left feet. You start out with what might be a small problem—if you can consider 4,000 gallons a small problem—and as far as I can see now we end up with 37,000 gallons, plus X number of tons of granular fill.

It reminds me of the problem we had in the other spill we had in the Sudbury district at the Dowling railway crossing. Again through the ministry having two left feet and

in a fight with the railway company, this PCB-bearing material was left in the ground for some several years and we don't know what damage it has done nor how far it's gone into the water table. We have another case here where approximately 2,000 gallons of this stuff is sitting underneath this transformer station till spring.

I don't think the ministry is taking these spills seriously enough. To think of transporting all of this material to Model City, New York—I just can't feature how we're going to survive. As was stated, we are going to have accidents when you start transporting thousands of gallons of material such as that. I think we have to eventually get a handle on this problem.

I wondered how the minister could respond to this particular spill. Could you bring me up to date on this 37,000 gallon-tank in Sudbury which is contaminated? Is it still there? I don't know. When are you going to move it? How are you going to move it? Are you taking it to Model City or are you taking it down to St. Lawrence Cement? Maybe you could bring me up to date.

Hon. Mr. McCague: Mr. Germa, that actually comes under vote 2003. What we had said at the start was that we would have the regional directors here during that vote to answer the questions you would have. I could answer a couple of them. I think why the material goes to Model City is because it is accepted there and we don't have any place here, in my understanding, where we accept contaminated soils. Is that right, Mr. Turner?

Mr. E. W. Turner: Yes.

Hon. Mr. McCague: I think we do face a problem when we may be cut off from doing that. As for dumping the gallonage you mentioned into another gallonage—I'd have to take your figure now at six parts per million—that would be, I think, considered a very insignificant level at this time. That matter would have to be investigated. But if you wouldn't mind, we could take your question as notice and have it answered properly when the regional director is here.

Mr. Germa: I'll accept that.

Mr. Chairman: Are you all through, Mr. Germa?

Mr. Germa: I understood you were talking about the radiation levels in Elliot Lake before I arrived. I'm sorry I was late coming into the committee.

Hon. Mr. McCague: Not really.

Mr. Chairman: I think we've wandered all over on this vote. We started out on program administration. I didn't get any approval on

that, and we've been wandering all over, from air resources, water resources, pollution and so forth, and pollution control planning. I was just wondering if we could get a little organized here and stay within the item numbers on the vote and then perhaps—

Mr. Mackenzie: They're all administration problems that we're asking questions on.

Mr. Chairman: Then the ministry would have available the experts or the people knowledgeable in that particular field, under whatever item we're discussing. We have people for the air resources, do we not? So if we could go ahead with votes—Did you have any further questions?

[10:00]

Mr. Germa: Do radiation levels come under air resources? They're in the air.

Mr. Chairman: Well, we haven't reached that stage; we're still on program administration.

Mr. Germa: I think my question involves administration. I would like to ask the ministry what they are doing about certain problems and what their views on them are.

Mr. Chairman: Of course, that's the administration programs, yes. We can be very technical about this. I think the minister had mentioned that he did not have all the information available and would have it for the next meeting.

Mr. Germa: That was on the PCB problem. I am attracted to the subject matter because I have been here for 45 minutes and we've been talking about PCBs. I thought that's what we were concerning ourselves with, and that's why I raised PCBs. My next problem has to do with radiation levels.

Mr. Chairman: I would think that comes under air resources.

Mr. Germa: I'll hold off until air resources, then.

Mr. Chairman: I think Mr. Ruston was next.

Mr. Ruston: It was just on air quality, if that's what we're on—

Mr. Chairman: We are still on program administration. Did you want to discuss program administration? All right, Ms. Bryden.

Ms. Bryden: Mr. Chairman, I think, even though we have wandered, we have had a very useful discussion on the whole question of PCBs and oil. I think it was a good idea that we concentrated on that, so that people could discuss all aspects of it.

There is one aspect of it which I don't think has been covered completely. That is the question of contingency plans, and notify-

ing people when accidents happen. In the case of the Adelaide Street fire, there were some complaints that Toronto Hydro did not tell the workers they were exposed to toxic fumes. There was a suggestion that perhaps Toronto Hydro should have been prosecuted by the ministry. I wonder whether you did follow up on their failure to notify the ministry of the fire and the fact that there were PCB-contaminated oils involved.

The other thing is that when this happened the public was not notified that there were very dangerous levels of PCBs in the air—as much as 10,000 parts per million according to some of the press reports—and whether quarantine should be imposed in such cases, and in cases of other spills, especially when the air is affected. I wondered what sort of contingency plans the ministry now has for any of these accidents.

It was also mentioned that transportation accidents can occur in which dangerous chemicals, including PCBs, can be released into the air. We have just seen some very terrible situations in the States where there have been derailments and people have actually died by going past the place in their car. There are suggestions that our present roadbeds on the railways are such that we are going to have more of this kind of accident. So I think we should definitely have contingency plans for derailments, or any kind of spills on the highways as well, and probably stricter transportation requirements. I understand those are part of the responsibility of the Ministry of Transportation and Communications.

We don't seem to be developing any of those things. If there are any, I haven't seen the regulations. I would like to know what we are doing, both in contingency plans and in transportation regulation for these dangerous chemicals.

Hon. Mr. McCague: Your first question was about the notification of laying of charges against Toronto Hydro. The decision was made not to lay a charge against them. We don't feel we were negligent in not having informed them well enough of what their duties were. By the same token we didn't feel there was anything to be gained by laying charges against them. They were very co-operative, when the matter was brought to our attention, in doing everything we asked them to do.

Ms. Bryden: Did they not delay several hours in notifying the workers of the danger?

Hon. Mr. McCague: There were definitely delays, yes, but we just didn't feel there was anything to be gained by charges being

laid, in view of their co-operation. As far as the contingency plans and notification are concerned, we have again, as I said, notified all public utilities commissions and fire departments of what they might be dealing with. In cases of fire or spills where these chemicals are suspected, I think there is a section in the Environmental Protection Act which says that they must notify us.

Ms. Bryden: Do you think it is then necessary to impose quarantines in some cases? Have you contemplated that?

Hon. Mr. McCague: I can't say we have contemplated it; I think certainly if there was a bad spill, such as some of the ones you mentioned, you would probably evacuate an area as well as do what you mentioned.

Mr. Sharpe: We did that in a fire outside of Trenton, I believe, the township area there, where there were some houses affected. We had the people evacuated because of the possible danger associated with that fire.

Ms. Bryden: Looking back now, do you think the Adelaide Street area should have been either quarantined or evacuated?

Mr. Sharpe: Looking back, we didn't find anything near a significant level that was hazardous. There is still some follow-up to do on that; but I think we took a reasonable action. I think what really happened there was that the firefighters weren't notified, because by the time our man got to the job the firefighters had left. We were dealing with Hydro officials.

Ms. Bryden: The press reported 10,000 parts per million in the soot. Were these figures accurate? If so, would that not be considered pretty hazardous?

Mr. Sharpe: I think it is, but the soot was on the buildings and precautions were taken to wash that down and dispose of it.

Ms. Bryden: I hope we do have contingency plans and keep upgrading them, because we are finding more and more of these hazards are getting into possible situations where people could be affected.

I would just like to make one final comment. That is, that we were discussing when we started out the question of lottery funds and what they were being used for. I think we have to recognize that lottery funds are a rather unique kind of money in that they don't have to be voted by the Legislature and we really don't have any control over how those funds are spent. The ministry has provided us with a list of how it is spending it.

The only thing that bothers me is that I see in some cases it appears that the money

is being used for doing things that perhaps the polluters should be paying for. I think we have to look at every expenditure very carefully, such as cleaning up the Dowling spill, or radiation control measures in Elliot Lake, or looking at the question of the Belleville drinking water and the lead clean-up in the Toronto area.

I would like to ask, is the ministry still trying to collect from the polluters in all these cases? If it does, will it reimburse the lottery pot that is in the ministry, so that the money can go to projects that the ministry should by rights be paying for, rather than the polluters?

Hon. Mr. McCague: We are attempting to collect the funds in some of the cases, not all of which you mentioned. For instance, the Belleville one is not a study which is designed to help Belleville any more than every other municipality in the province. It is really a study, an investigation program. It is much different, for instance, from the PCB spill at Dowling.

Ms. Bryden: I think perhaps you are right. That was not a good example. As for the other three, the Dowling clean-up, the lead clean-up and the radiation clean-up at Elliot Lake, perhaps in some of them we could be still pursuing the polluters. Are we doing that?

Hon. Mr. McCague: I don't think we are attempting to recover funds in Elliot Lake, but we are attempting to in the cases of the lead and Dowling clean-ups.

Ms. Bryden: Why are we not in Elliot Lake? I mean there are still two operating mines there that presumably caused a great deal of the radiation.

Hon. Mr. McCague: That is a matter of opinion. Maybe Mr. Drowley could elaborate on that.

Mr. Drowley: Yes. In the case of Elliot Lake there are two factors concerned here. One is, shall we call it man-made pollution, which emanates actually from the mine, and the other is naturally occurring pollution. Both are in the form of radon.

The mining properties are looking after all their own properties and bearing their own costs. The work which is being cost-shared with AECB will include only private properties. The reasoning for a lot of that was that it wasn't recognized away back when those mines first started operating that you could get this effect of radon in houses. This is only relatively recent knowledge. As far as I can understand, that was part of the basis of doing it that way.

Ms. Bryden: We seem to be on the subject of radon now. I don't know whether Mr. Germa can add something.

Mr. Germa: You have special privileges.

Mr. Haggerty: I want to get some information from the ministry relating to some policy on acid spills and other chemical spills that happen on railroads and could even happen on our highways and the main streets of certain communities.

I was deeply concerned about the acid spill about seven years ago—I don't have the file on it now—in Pelham township. I understand there has not been any settlement with the property owners for the damage done to their property. It consists of a number of good farm lands in Pelham.

What steps has the ministry taken to resolve this issue? I think there has been a court hearing between the railroad and the manufacturer of the tank car responsible for that spill. There has been no settlement given to the property owners whose land has been affected by that acid spill.

Mr. Sharpe: I don't know if I can answer entirely about the Pelham acid spill, and I visited the site at the time.

Mr. Haggerty: I visited it on a number of occasions too. I used to represent that area at one time.

Mr. Sharpe: A large portion of that has been resolved but there are still some items. I remember we put some money into the municipality to settle some matters they had—

Mr. Haggerty: That relates to the damage to the roads and culverts that were eaten up by the acid. I believe there were sewer culverts.

Mr. Sharpe: I can't give you the latest on that. I think we would have to deal with that under another vote, vote 2003, when we have the regional director here.

Mr. Haggerty: I bring it to the attention of the minister now. This matter should be settled and there should be assistance given from the ministry to the property owners affected by that acid spill, because apparently they can't seem to get anybody in the law profession to carry it on to the higher courts. They are at a standstill. Damage has occurred to the land from the reports at that time, I don't think the land would ever be usable again for agricultural purposes.

Mr. Sharpe: I have a lot of sympathy for you about your remarks because I saw these properties. We had certain things done, some holding ponds and so on constructed on an emergency basis on these small parcels of land. I feel every sympathy towards these

people because they weren't in any way responsible.

[10:15]

Mr. Haggerty: That's right, but they are the ones who are carrying the full load now in the rehabilitation of their land and even some of their personal property.

Mr. Sharpe: It seems to be tangled up in the legal process. That is about all I can say.

Mr. Haggerty: Perhaps you can bring in somebody who is knowledgeable in this particular area? When will he be present?

Mr. Sharpe: When we get to vote 2003 we will have the regional director here.

Mr. Haggerty: We can pursue it further then. I was deeply concerned to see the number of accidents on the railroads in the United States just recently involving tank cars carrying hazardous materials and the damage that they can cause to local municipalities and even individuals. I think my colleague from Windsor-Walkerville has suggested some type of inspection.

I have had the opportunity to wait at a number of railroad crossings, particularly as it relates to the Penn Central line, I believe it is, from Niagara Falls, Ontario, through to Welland, Windsor and St. Thomas. I noticed a number of the railroad tank cars carrying chemicals, and the type of construction of these new tank cars now means they don't have a frame; they are almost like automobiles; they do not have a complete frame under them.

The old type of cars provided more safety on the railroad than these tank cars being designed today. I think they are just built out of a shell with the wheels put on the forward and aft ends of the tank car. I noticed a number of the tank cars had been overloaded, carrying well above the weight limit that is required for safety factors, and were concave in the centre. I suppose if you ran a line from one end of a car to the other I bet you could see almost a foot difference where the tank was sagging. If anybody is familiar with structural steel matters, when you see something like that you can almost pinpoint that at some time in the very near future that tank will fracture. If they are carrying hazardous materials then you are going to run into further difficulties.

I suggest to the ministry that inspections should be made at these border crossings on a number of these tank cars coming in carrying hazardous materials. I don't know if municipalities are even notified of what type of material might be there.

I think the rules are there that if they are carrying radioactive materials they are sup-

posed to notify the municipalities in advance that they are travelling through there. I doubt if that is being done today. I suggest that to provide some safety measures in transporting hazardous materials proper inspections should be done.

In fact, I was saying to the member for Windsor-Walkerville that I had read an article in one of the American newspapers about a week ago where a safety check was made in one of the states—I don't know whether it was Michigan—on the tank trucks carrying hazardous materials on highways. I believe—and I hope I am right in saying this—73 per cent of the trucks did not meet the safety requirements; they could cause some problems on the roads, and maybe even perhaps spillage.

I suggest there should be inspection points with the proper persons responsible for that and knowledgeable in it to make these inspections to reduce any possible risk of an accident on our highways. I bring that to the minister's attention and, hopefully, something will be done on it.

The other matter is, in your lottery funding, just how much money is the ministry receiving from the lottery funding and what is it spent on? What projects and research are you spending it on?

Hon. Mr. McCague: Mr. Haggerty, in answer to your first question, I think you are aware of the fact that the Transportation of Dangerous Goods Act is a federal Act or will be a federal Act. They expect to pass it by June of this year. Maybe you would give me a hand, Mr. Newman, with your colleagues down there and speed them up a bit. Then the Minister of Transportation and Communications will be able to incorporate these in provincial legislation.

I think the minister has introduced legislation which would provide for the authority under section 69 of the Highway Traffic Act—that was Bill 85 which received third reading on November 8 last year—to incorporate these into the Highway Traffic Act when we get them.

I could again run through them but I did put on the record earlier this evening the projects that are now under way.

Mr. Haggerty: If they are on record, then I can pick it up. I am interested in your comments when you said that federal legislation will be coming forward and that the Ministry of Transportation and Communications will be the one to enforce it. Is there any sharing of the cost of inspection by the federal government passed on to the provincial government?

Hon. Mr. McCague: I don't know. Does anybody know the answer to that?

Mr. Haggerty: If not, why not?

Mr. Drowley: I can't answer it directly, sir, but I think the reason it's federal legislation is that a lot of the carriers are interprovincial and that's why they fall under the federal jurisdiction. My understanding is that the province only has jurisdiction with carriers within its own boundaries per se. Whether there is a cost-sharing or not on that part, I am not too sure. I would like to add one thing to what the minister said, that our contingency planning people are working very closely with MTC in the setting up of their administration of this.

Mr. Haggerty: They are increasing the payload on these tank trucks. Even with the piggy-back haulage they have I question whether they should be on the road. There's quite a safety factor that should be applied in this particular type of transportation of hazardous materials. I would suggest that if the province is going to police federal legislation, then it's time that we looked to them for some assistance in the cost of policing this or providing the safety part.

Hon. Mr. McCague: We will take that under consideration.

Mr. McGuigan: Mr. Chairman, as a point of information, I was reading in an American newspaper that the Interstate Commerce Commission has established that the reason behind the spate of rail accidents in the United States is the failure of a particular brand of wheel made by a certain company. It has a high carbon content apparently and heats up and breaks. They have now ordered that all of these cars have their wheels changed. They have set a timetable for these wheels to be changed. They also have another program requiring end shielding of these tank cars. They say that the greatest danger of penetration during an accident is from the ends where perhaps a rail is torn up, hits the end of the car and penetrates it.

They have recommended two things: End shielding and also that the cars be painted or sprayed with some sort of a thermo-barrier that, in the event of fire, the contents are protected for a certain length of time, but at least until the fire departments can get there. This may very well be a federal matter but I am wondering if you have any knowledge of whether there is a similar program here in Canada to provide end shielding and thermo-barriers to these tank cars. We probably don't have the same wheel problem they have in the United States, although we may have it on the

American cars passing through on the American railroads. It may very well be there.

Hon. Mr. McCague: I'm not aware that we have any program, Mr. McGuigan, but we can take your comments as advice and look into the matter.

Mr. B. Newman: Mr. Minister, are you considering colour coding or visibly identifying in some fashion such things as capacitors or transformers that contain PCBs so that the public and firefighting personnel would know immediately that the device on which they may be attempting to put out a fire contains PCBs? Are you considering any type of colour coding or identifying of the container? I think you could resolve part of a problem there and in the case of vehicles that are transporting these dangerous or toxic chemicals and liquids.

Hon. Mr. McCague: I know we are taking inventories of all known containers of PCBs; and now they're practically all transformers. But maybe Paul Cockburn could answer the identification question.

Mr. Cockburn: As a result of the Adelaide Street situation, which we discussed earlier, there were several recommendations of this type that came out on contingency planning. All of these are under way. The one you mentioned in particular, of labelling machinery, capacitors or whatever it might be that does have a PCB type of material in it—and there are several trade names of this—is under way now. Some of the agencies have already done this and labelled them, including those at the municipal level; Hydro also is now working on it and, in our case, we're working on it already in some of our plants. So it's in the mill now to label them. It is coming out of a master contingency plan, which is being done by a branch of the ministry.

Mr. B. Newman: Will these be standard markings?

Mr. Cockburn: Yes, they will be standard markings eventually. At the present time they may not be standardized because there are several agencies doing it in different areas, but they're all working towards that one end, basically because of the result of what we found at the Adelaide Street fire, which was a learning experience for a lot of agencies. But it is under way right now.

Some places are also moving along to actually removing transformers that have PCBs in them. I was at a meeting with the region of Halton this week, and they are already removing one from a water plant as a result of the same situation.

Mr. B. Newman: How about the vehicle that transports toxic chemicals? Are you requiring it to be specially identified so that the public could readily say, "Look, this is a vehicle carrying some type of toxic chemical. Avoid it"?

Mr. Cockburn: I don't think that we specifically, as the Ministry of the Environment, are doing this now; but this would come out of the provincial contingency plan in which our input will be the first step towards this.

Mr. B. Newman: So the plan actually is to visibly identify any device in which PCBs or other types of hazardous chemicals are contained? In other words, in an automotive factory where there may be some chemical procedures and tanks that have certain types of toxic chemicals these would be readily identified so that the individual would know that you don't play around with this container because there's a real hazard or danger to life.

Mr. Cockburn: Some of that is already done, of course. All I'm referring to is the PCBs in the transformers and the capacitors.

Mr. B. Newman: Okay. I appreciate those comments, because when the fire was on in downtown Toronto I brought up that point about the identification of the transformers. I think it should be a standard identification so that firemen anywhere, or anyone, could readily know that this container has a hazardous or a dangerous or a toxic chemical. [10:30]

Hon. Mr. McCague: Mr. Newman, is it not so that all the railway cars and trucks that carry dangerous substances must be marked?

Mr. B. Newman: Have you driven the highways, Mr. Minister?

Hon. Mr. McCague: Yes.

Mr. B. Newman: Did you see it sometimes right at the bottom in maybe one inch or two inch letters? That doesn't identify it.

Hon. Mr. McCague: You'd like bigger letters?

Mr. B. Newman: I certainly would. In fact, I would come along and use fluorescent orange so that you could readily see that this is dangerous.

Mr. Gaunt: Fluorescent red.

Mr. B. Newman: Sure, or fluorescent red.

Hon. Mr. McCague: On the whole truck probably.

Mr. B. Newman: No, no. I think diagonally or alternate lines of different coloured paints, white and red or something, are more readily visible than having the whole vehicle one colour.

Mr. Haggerty: With a ruptured vessel, though, you don't know what's burning in that particular tank.

Hon. Mr. McCague: That's right. How do you know?

Mr. Haggerty: How do you know? That's why I said make sure that the chap on board the train has a catalogue of what he's hauling.

Mr. B. Newman: There is another thing too, that when it comes to certain fires or certain spillages, do you have a library or a resource in your ministry so that you could readily tell the local area not to use water solely in an attempt to put out a fire of a chemical or to treat it in a special way?

I can recall there was a spillage from a railroad tank car in the Windsor area and they called the ministry. They could get no answer. They eventually contacted Washington and Washington told them what they had to do to counteract any toxic effects of the spillage. It was strange. This happened in the city of Windsor, that's why I'm a little more familiar with it and that's why I raise it, Mr. Minister.

Does your ministry have a library, or some resource person who can come along and say, "Look, if this type of a chemical is being spilled, to treat it you've got to use sand or you've got to use some other type of chemical"?

Hon. Mr. McCague: It's in our contingency plan. I think again, although it doesn't get around the problem, railway cars are marked as to what to do in the case of fire, but if it's burning, you probably can't see that.

Mr. B. Newman: This wasn't actually a fire, this was just a spillage. They couldn't find out in Canada the chemical to use against the spillage or to prevent any health hazard, and they got all of their information by eventually contacting Washington, DC.

Hon. Mr. McCague: I think we would have the books that would tell you. We do have a contingency plan and the carrier does have a bill of lading stating what he is carrying, and the train has the same.

Mr. Haggerty: I might say that fire chiefs in the Niagara Peninsula have a plan down there. They have a chemical engineer in one of the plants down there who's on call 24 hours a day in case of an acid spill or some other spill. They might not know what it is

but if they know what component part it is, he can usually inform them what type of a neutralizer is required to contain this spill. That's something they should apply all across the province of Ontario. I think the fire chiefs

in the province of Ontario are looking forward to some direction in that matter.

Mr. Chairman: It's past 10:30. We will adjourn until next Tuesday at 8 o'clock.

The committee adjourned at 10:35 p.m.

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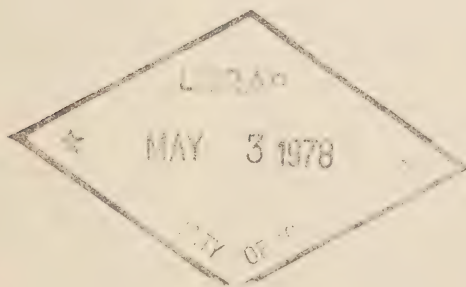
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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee

Estimates, Ministry of the Environment



Second Session, 31st Parliament

Tuesday, April 4, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, APRIL 4, 1978

The committee met at 8:07 p.m.

ESTIMATES, MINISTRY OF THE ENVIRONMENT (continued)

On vote 2002, environmental assessment and planning program; item 1, program administration:

Mr. Gaunt: I have one question. It relates to the environmental assessment management, which would come under program administration I presume—at least it says so in the book outline. Last year when we talked about Denison Mines and Rio Algom in Elliot Lake and the fact that they were applying for a licence to expand considerably their mining capacity from 4,500 tons a day to 10,300 tons a day, at a total cost of, I believe, about \$176 million, the minister indicated that an Environmental Assessment Board hearing was being held.

There was also a control order on those companies and no licence or permit would be issued until the companies had actually met the terms of the control order and satisfied everyone on the points of safety and on the matters of environmental acceptability. I'm wondering where that matter rests at the moment?

Mr. Sharpe: The Environmental Assessment Board has been holding hearings. It has held the first stage of hearings on phase one and scheduled the second phase of hearings on phase two for June 5. As an interim measure it has held an interim hearing on the housing matter on behalf of the government, and we're waiting the board's recommendations related to that matter, which is aside from starting phase two.

On the matter of licensing, the licensing for expanded production is the responsibility of not this ministry but AECB. They have made application for expanded licences to AECB. That's my understanding.

Mr. Gaunt: When will that Environmental Assessment Board hearing be completed? Is it hard to say?

Mr. Sharpe: That's hard to say. I would think it's going to be a lengthy hearing.

Mr. Gaunt: It's been going on for a while already.

Mr. Sharpe: Yes, and the reports are coming in now on phase two of the assessment which is the subject of the hearing on June 5.

Mr. Gaunt: There is no time limit as to when the board would have to file a report on the second stage?

Mr. Sharpe: No.

Hon. Mr. McCague: It would have to hear everyone that wanted to be heard.

Mr. Gaunt: Yes. Okay.

Ms. Bryden: Just following up on that Elliot Lake hearing, when the Environmental Assessment Board held the special hearing in December on housing possibilities and the radiation problems connected with them, in its interim report in December it said it was quite concerned that its final findings may be incompatible with the development which has been going on in Elliot Lake while the hearings have been held. Is the minister not concerned that the final report and the findings of the board may be quite at odds with the development that has gone on, and is there not some way of either speeding up the hearings or of slowing down the development?

Hon. Mr. McCague: That is difficult. I'm not sure to what extent the development is going on. I do know that there have been other proposals. There are other proposals being considered in the event that the particular area might not be looked on favourably in the hearing. John Lane has mentioned to me development occurring in other areas somewhat distant from Elliot Lake, if that's the way it must be.

Ms. Bryden: Do you feel that the signing of the contracts with Denison and Rio Algom have, in effect, put the stamp of approval on the development there and that even if the Environmental Assessment Board finds that it's not the best site or the best kind of development the government is locked in to going ahead with it?

Hon. Mr. McCague: I don't believe, as far as our ministry is concerned, that the signing of the contracts will jeopardize the hearings or what happens in the future.

Ms. Bryden: We may get in more to the operation of the board when we get into the

board itself in this particular case. That's all for now.

Item 1 agreed to.

On item 2, air resources:

Mr. Gaunt: I want to make some comments with respect to this particular item. In my opening remarks I alluded to the publication put out by the ministry, Hazardous Substances List and Handbook, which was put out, I believe, in December 1976. It was prepared by the ministry in co-operation with the Ministries of Health, Labour and Natural Resources, and it listed quite a number of substances which were, I suppose, priority chemical substances which the ministry should be directing its attention towards. [8:15]

Earlier on, when Mr. Cross, I believe it was, was responding to some of the comments I made in that respect, he did mention a number of chemicals, but he didn't mention the two out of the 19 which are known to be used extensively in the province. Both of them are carcinogens; and the two chemicals, dichlorobenzidine and methylene dichloroaniline, are apparently widely used in Ontario. In addition to those two there are other compounds such as hydrazine, magenta and auramine which are known to be carcinogens. I would like to know what the ministry is doing with respect to the two I mentioned that are used extensively in Ontario, and the three or four other carcinogens for which the ministry apparently has sufficient information but are nonetheless dangerous. They are being used in Ontario, and yet we don't have a lot of information on them. Could I get some information in that respect?

Before I seek the answer I should point out to the minister that as far as I am concerned I think that the studies that are being done in the United States with respect to chemicals in the water and the air and their attendant dangers to health is something that should cause all of us some considerable concern. The Environment Protection Agency in the United States had indicated that as far as they are concerned a lot of the cancer-producing chemicals are being used in drinking water and are being ingested by humans through the air, and that most of the cancer—which is the second largest killer in North America—is being caused by chemicals, either in the air or the water.

I think it is becoming more important as the years go by to keep a close eye on some of these chemicals. I think we are to the point in our society where we tend to feel that most problems of one nature or another, whether they are in agriculture or whether

they are in other areas, can be resolved by the use of chemicals. I think that over the years we haven't had the information, we haven't had the data nor the research which would indicate, I am sure, had it been available, that a lot of these chemicals are indeed a real danger to human health.

Mr. Cross: I feel like I'm caught here. We have a list of some 12 chemicals or families of chemicals which are high on our priority list and the chemical to which the member alluded is the only one that we haven't addressed ourselves to in our studies to date. So you must have our list.

Mr. Wildman: Is that a coincidence, Murray?

Mr. Cross: Certainly it is on our top priority list and it is one of the next subjects that we will be addressing ourselves to. But it seems a shame, in this vast list of subjects, that you zeroed in on the one family that we haven't tackled yet.

Mr. Gaunt: All right, let's take the two then, Mr. Cross, dichlorobenzidine and methylene dichloroaniline; those are the two that are used more extensively than the other three or four. Are you going to move into that area shortly?

Mr. Cross: Yes. That is the last family of chemicals. They are both in the family that we haven't addressed ourselves to. That's the next thing on our priority list and the only one of our higher priorities—category A—on which we haven't either got a contract out or an in-house study.

Mr. Gaunt: I didn't have your list, incidentally, but it is interesting that that should happen. When do you anticipate the ministry would be addressing those two chemicals and dealing with them?

Mr. Cross: I would say within this budget year. As I mentioned the other night, we have a lot of reports that are either on contract or in-house right now that will be coming to completion this summer and then we will take on these other items as we come to them. In the meantime, we have been working with the regions on some of these chemicals; which are dyes incidentally. We have worked on them individually, on individual applications, but we haven't tackled them as a family the way we are systematically tackling all of the A category subjects.

Mr. Gaunt: And what about hydrazine and magenta and auramine?

Mr. Cross: I believe they are all in the same family.

Mr. Gaunt: They are all in the same family, so they would be dealt with at the same

time, even though the latter three are not used as extensively as the former two?

Mr. Cross: Yes. We generally have stayed with families. For instance, in arsenic we have looked at antimony, selenium and tellurium at the same time because they're the same family of chemicals. So this is what we have done. We have stayed with families, rather than individual chemicals.

Mr. Gaunt: So it would be fair to assume, presuming that the length of time between the estimate considerations in 1977 and 1978 would be longer, that come next time around you will have some information on those chemicals?

Mr. Cross: If we don't I'll have somebody else come here and answer the question.

Mr. Gaunt: With respect to the PCB fire in downtown Toronto; we have talked about that, I won't belabour the point, other than to draw to the attention of the minister that I got a newsletter from the Ontario Municipal Electric Association dated March 31, 1978, in which they instruct the public utilities across the province to be very careful about a product named askarel, because it contains PCBs. My understanding is that Ontario Hydro is not using any more PCB material in its transformers. They have stopped doing that. Therefore, I presume this newsletter is in reference to transformers that are already in place and do contain PCB material.

I think what they are saying here is—I'll just read a portion of it: "Askarel contains polychlorinated biphenyls which under certain conditions may be harmful to humans, so special precautions must be taken by people handling this material at all times, especially in the case of a spill or a fire occurring. Detailed instructions on the handling of askarel and of material containing askarel should be obtained from the Ontario Ministry of the Environment and the Ontario Ministry of Labour, occupational health branch.

"In addition, OMEA has been advised that Ontario Hydro is in the process of distributing to each utility in the province information containing the corporate policy on and directives for handling polychlorinated biphenyls. If your utility has not yet received this important information, I urge you to contact the Ontario Hydro regional manager without delay."

Then they go on to say that in the event of a fire special handling equipment should be employed, and the Ontario fire marshal's office should be notified and information forwarded to that office. It also says: "Your utility should advise your local fire department of the location of transformers and

capacitors containing this material and see that the locations of those transformers and capacitors are identified by suitable warning signs of danger."

What I really want to know is if the ministry has requested or intends to request the filing of information having to do with the number of transformers being used by public utilities across the province which employ material containing PCBs; and whether or not the ministry has ever asked for this information, particularly since the fire in downtown Toronto. That seemed to draw some focus to the entire problem in that respect.

Hon. Mr. McCague: Toronto Hydro has done an inventory of all their transformers and are forwarding that information to us. I think it is a good idea for the province, and maybe Mr. Turner could elaborate on it.

Mr. E. W. Turner: The federal government, under the Environmental Contaminants Act, in one of its regulations, the first one, required that anybody using more than, I think, one kilogram of PCBs per year notify the federal government. They sent out questionnaires to this effect. This information has been gathered by the federal government and we are receiving the information for Ontario from the federal government. Therefore, we have a great deal of this information already and will get the remainder as it is processed. That is for everybody in the province of Ontario who has transformers, capacitors and other types of equipment using PCBs.

Mr. Gaunt: So that information is not complete, Mr. Turner, at this time?

Mr. E. W. Turner: I believe the federal government is still processing some of the returns on the questionnaires.

Mr. Gaunt: That information would include utilities that are using this material?

Mr. E. W. Turner: Absolutely. The main percentage of users is the utilities.

Mr. Gaunt: When do you anticipate that information will be complete?

Mr. E. W. Turner: We are getting more and more each week. As they process it, it comes across to us. I really can't give a direct answer to your question, but it should be shortly.

Ms. Bryden: Mr. Chairman, may I follow with one question on that subject? I understand the United States Environmental Protection Agency has just issued directives to the electrical industry on how to dispose of transformers when they are being phased out of work, and also how to dispose of electrical appliances which may have minor quantities of PCBs in them. They think some

could go into landfill, if they are not very much involved with PCBs; but most of them, they think, have to be disposed of in other ways, by burning and so on. Have we got similar directives out to the electrical industry as to how to dispose of all these PCBs in electrical appliances and transformers?

Mr. E. W. Turner: The ministry has held extensive meetings, with Ontario Hydro in particular, on this very subject. Ontario Hydro is handling transformers and capacitors in an approved manner and storing the PCB material because there is no way of getting rid of this material in Ontario at the present time. The EPA regulations referred to were dated February 17. EPA effectively says that you cannot now dispose of liquid PCBs by landfilling them. They require that transformers be washed out with a mineral oil before the actual contaminated transformer can be landfilled and that the PCBs and the PCB-contaminated oil be incinerated. I think this is what we would like to see happen in Ontario.

Ms. Bryden: But we haven't issued such directives as yet to the industry?
[8:30]

Mr. E. W. Turner: We have in preparation at this time some guidelines which are available in draft form and these are being circulated through the usual routes before they will be issued as official ministry guidelines on this subject.

Hon. Mr. McCague: I might just ask a question while I have Mr. Turner there. Yesterday somebody mentioned that there were some used transformers in junkyards; and it is a matter we should probably be addressing. Somebody who knew a fair amount about PCBs went in and asked the owner what he was going to do with these transformers, and he said, "Oh I'll take parts off them now and then and sell them." So perhaps we should address that also.

Mr. E. W. Turner: Mr. Minister, we are aware of this. I believe our people in the regional operations are visiting the junk yards and addressing this problem as quickly as they can.

Hon. Mr. McCague: An interesting project.

Mr. Gaunt: I have one more matter, Mr. Chairman, and it's a matter of clarification with respect to St. Lawrence Cement in Mississauga. I understand there has been a rather serious dust problem at that plant from time to time. I believe your ministry is now in the process of finalizing a control order to issue to the company to control their dust emissions. Am I right with respect to that matter?

Hon. Mr. McCague: That's correct.

Mr. Gaunt: I think the ministry has been negotiating with the company. What steps has the company taken so far, prior to issuing the control order, to try to control the dust problem?

Hon. Mr. McCague: It's under another vote. Have we got somebody here who can tell us what steps St. Lawrence Cement is presently taking?

Mr. Gaunt: I'm sorry, if it's under another vote, I was going under air resources. The actual control order is under another vote; but I think I'm more interested in the air emissions and the dust problem, rather than the control order per se, Mr. Minister.

Mr. Gotts: I really can't add to that, other than to note that there is a draft order which has been prepared. This is a regional function and the details can be available, I am sure, when the regional director is present at a later sitting.

Mr. Gaunt: I understand this has been a problem of varying intensity. I gather that the company has been exceeding the standard for particulate matter on regular occasions; I guess that's the proper way to put it. I think the ministry should be encouraged to move forward with that control order as quickly as possible.

Hon. Mr. McCague: I think as is our custom, Mr. Gaunt, a notice of intent has been issued to St. Lawrence Cement.

Mr. Gaunt: And they then have 15 days to respond?

Hon. Mr. McCague: Yes. We can give them more time, if we decide to. There is no limit on that. It is the appeal time on the order that they would have.

Mr. Gaunt: The 15 days refers to the appeal?

Hon. Mr. McCague: Yes. On the order, not the notice of intent. They can come back to us and tell us that they have the equipment sitting right there and that they are going to put it in next week, this kind of thing.

Mr. Hennessy: Mr. Minister, there was a lot of talk a few years ago about the air quality and what the government is doing about it, especially in industrial areas. What I would like to know is how things have been improving, especially in Thunder Bay, the area I come from.

Hon. Mr. McCague: You want to know the improvement in the levels?

Mr. Hennessy: Up or down.

Hon. Mr. McCague: Oh, they're definitely down.

Mr. Bounsall: That has coincided with the hon. member moving here.

Mr. Hennessy: Speak for yourself.

Hon. Mr. McCague: In 1970, the 22 elevators handled about five million bushels of grain and they were admitting as high as 7,000 pounds per hour of grain dust to the atmosphere. By the end of 1978, handling the same amount, we anticipate that they will be down to 350 pounds per hour of grain dust, even though eight of the 22 elevators have been closed.

Mr. Wildman: I would like to ask about a couple of things that I have asked about during the last two years in these estimates. One is in relation to Algoma Ore at Wawa and the proposal that was made a number of years ago for a superstack. With the experience of the effects of the much larger stack at Sudbury, the ministry and the industry had some second thoughts and they started trying to find alternatives to dealing with the sulphur problem from Algoma Ore.

I was informed last year in the estimates, or the last session, that the ministry was carrying on vegetation studies to analyse what I described last year as the 20-mile-long sulphur burn in the bush north of Wawa. I would like to know what's happening with those vegetation studies and what proposals the ministry has to deal with this problem so that once or twice every summer when we have a down draft in the area we don't have all the lawns yellow and everybody having to stay inside. Obviously if that's happening in town, then when that unusual occurrence takes place, it must be happening a lot of the time in the bush. I would like to know the results of your vegetation studies and what proposals you have made, if any, to the company for dealing with this very difficult problem.

Hon. Mr. McCague: Again, Mr. Chairman, this is one that's under 2003. It's something that we asked about when we started, that we deal with the local type issues when the—

Mr. Wildman: It comes under industrial abatement?

Hon. Mr. McCague: —regional directors are here. If you would like a written answer for it in case you are not here at that time, we will do that for you.

Mr. Wildman: Okay. I will just go to one general question. I think a lot of the things that I was going to ask about probably come under industrial abatement. Do your studies of acid rain also come under industrial abatement?

Hon. Mr. McCague: Next vote.

Mr. Wildman: That's water resources. All right, I suppose rain is water. Okay, I will pass for now.

Mr. Ruston: I had one I wanted to bring up with regard to air and our famous area in Sandwich West township, the town of La Salle where we get so much of that very orange-coloured, brown-coloured air, air of all colours. I didn't realize it was so thick. Last Saturday morning, which was April 1, about 11:15 in the morning I was up to my riding office and, with the high wind, it was taking it right off the chimney and blowing it right across the river into good old Canada. I suppose on a calm day it is emitted much higher up and spreads itself over a wider area and maybe we don't notice it so much. I don't think I have ever seen it so bad; especially on a Saturday morning, too, which would seem rather strange. I suppose some industries are running on Saturday or are cleaning out their pipes. This was from across the border from an American industry. I know there are some methods of trying to overcome this but it was just terrible.

I have noticed in that area that many aluminum siding houses that have been installed for 10 years are just completely pitted and rough from air particles of some form coming from Zug Island, as we call it, across the Detroit River. We're very close in that area. I suppose it's only half a mile across there. I don't know whether we are going to have to set up one of our old cannons that we keep there as a keepsake and drop it in one of those chimneys some day. But it's very annoying and it's very damaging to health; and also, as I mentioned, to homes and buildings.

One of the things we noticed is what it's doing to siding on houses. It has just eaten right into them. I know there have been a number of discussions with regard to the United States. I think the reeve of Sandwich West township is the chairman of the down river pollution control area for this year. I am sure he will be getting involved in it, but I just wonder where does the ministry come into that area.

Mr. Cross: As you may be aware, Mr. Ruston, the IJC has appointed the international Michigan-Ontario air pollution board to carry out surveillance in the border area on the state of air quality. As a matter of fact, the board is reporting to the IJC in Washington today, but not on that particular subject. Normally this is the subject but

today it happens to be on PCB burning in Detroit.

Generally speaking, we have shown a very good trend of improvement since 1972 in air quality in the trans-boundary area. This tapered off in the last year. As a matter of fact, in Essex county, we had three areas where the air quality actually got worse. We can't find a reason for this. What the commission has asked the state of Michigan and Wayne county to do is to re-examine their air pollution control programs to see what can be done to improve air quality in the trans-boundary sense, because certainly the city of Windsor is still a recipient of below our objective air quality from across the river. This is being considered, but it's a pretty tough problem.

Mr. Ruston: I realize that it affects the westend of the city of Windsor, but I just wanted to stress the point. I am sure the former member, Mr. Burr, who was the representative of that area, has probably brought it to your attention many times. I think I would agree with you that it seems a couple of years ago, from what I could gather from reports in the area when I was first up there, that the situation was easing off some.

[8:45]

I must say that last Saturday morning had to be the worst I have ever seen it any time I was ever there, and some of the citizens in the area spoke of the same conditions. I assume that part of the reason, and only part of it, would be the extreme strong wind that brought it down to earth so fast that it wasn't going all over the county and all over the city. It was coming into one concentrated area so that made it show up that much more.

Is there any department or anybody in government who could put this aluminum siding through any kind of test that in some way might tell what might be involved and what type of material was causing this to erode it and pit it and so forth? Would there be anybody in any government agency who might be able to do that; research or somebody?

Mr. Cross: We have examined this in other steel town locations. Quite often what happens is that if the siding is rough, you will get aluminum oxide which will form in the pits that are already there. Then it rusts and runs down and stains it. We have looked at it many times. It's the penalty of being near a steel mill, I am afraid.

Mr. Ruston: In effect, you are saying it is this other committee that is now more or less responsible to report to the IJC.

Mr. Cross: The Ministry of the Environment has jurisdiction there still, but in the international sense the reporting mechanism is to the IJC, which reports back to both federal governments. They released a press release on this just recently. We are concerned about this particular matter. In fact, we did have the anomaly that where the improvement slowed down last year, in three sites in Essex county it didn't, it went the other way. We can't find the specific local cause for this. Over in Wayne county, I might say, on the other side of the river, it has improved.

Mr. Ruston: It must be stronger winds. In the last year or two in rural areas there are a number of people who seem to think that we are getting higher and have got higher winds. It is a possibility that it is discharged that much quicker and is kept from emitting so much higher where it would go over a smaller area. I think that is a possibility.

Ms. Bryden: In my lead-off I raised the question of US cities not meeting the EPA standards for clean air. I think only Honolulu met them, of the 105 cities they studied. I asked whether the same standards were applied to Ontario cities, and whether any of them would meet all five standards. I wonder if the minister has had time to check that out.

Hon. Mr. McCague: I have the annual averages for Ontario. It is my understanding that our standards are more stringent than the Americans but maybe we could get an elaborated answer from Mr. Shenfeld.

Mr. Shenfeld: If you compare our cities, I think they would be about the same as the American cities. They wouldn't meet all the standards. Actually, our standards are more stringent than the US EPA standards for common pollutants such as sulphur dioxide, and they are much the same for ozone.

The most frequent standard exceeded is that for ozone at the present time. Pretty well all the southern Ontario cities exceed that standard quite frequently. Small towns are also exceeding that standard because it's due to long range transport from other areas. In fact, it goes up higher in the rural areas than it does in the cities so that actually the size of the city does not mean that the standards would not be exceeded.

I would be surprised if they measured ozone in Honolulu, that it would meet the US EPA standard. I don't think any city would actually meet the standard.

Mr. Bounsall: Having a tougher standard, does that mean we just miss it by a wider mark?

Mr. Shenfeld: The standards are set as objectives; that is we look at the measurements to see if we are meeting the objectives. The objectives are based on the concentration of that particular pollutant that would not cause an adverse effect. In the case of ozone, it has an adverse effect at very low concentrations. About half of the standard that is set, at 0.08 parts per million, occurs naturally. You get around 0.04 naturally. Then, due to photo-chemical reactions of nitrogen oxide and hydrocarbons, emitted by automobiles primarily, you get above the 0.08 parts per million on any warm, sunny day in the summertime.

Ms. Bryden: If none of the cities are meeting all of the standards, it looks as if we have a long way to go in actually purifying and cleaning our air so that it can be something that people should be breathing.

Hon. Mr. McCague: To carry on a little further with your question, Ms. Bryden, I should probably read into the record the improvements in various cities. I'll do the sulphur dioxide one. This is in the period 1971 to 1977. London has a 48 per cent improvement; Sarnia, 12 per cent; Hamilton, 21 per cent; Toronto, 74 per cent and Cornwall, 59 per cent. Ottawa has remained the same; and Sudbury has 72 per cent. I also have them for carbon monoxide and suspended particulate matter.

Mr. Bounsall: Is Windsor not on that list?

Hon. Mr. McCague: It's not on this list.

Mr. Shenfeld: I think there is a 48 per cent improvement in sulphur dioxide in Windsor.

Hon. Mr. McCague: My book says London. The first line is Windsor. Windsor is 48 per cent and London is 33 per cent.

Ms. Bryden: The percentage improvement does not necessarily indicate how close we are to the standards. It depends where we started from and how bad the situation was beforehand.

Hon. Mr. McCague: That's correct.

Ms. Bryden: The ministry's newspaper, *Legacy*, which just came out for March of this year, has some charts that show the trends from 1971 to 1976 for six air standards. I notice that in about four of them there has been very little change in the last four years. This is simply a measure of the median, that is, the number of cities which are close to the average annual concentration. For only two of the criteria do they give an annual criterion as to how close we're getting to that; for the other four, there is no figure or no indication of whether we're even close to the annual criterion. I am not sure, if we

were, whether the annual criterion is a figure we can accept. We would have to know what it is based on. Why was the annual criterion figure not shown for four out of the six indexes?

Mr. Shenfeld: I don't know the publication you are referring to. In regard to exceeding the annual criteria for sulphur dioxide, there are only three cities that are monitored that exceeded the annual criterion in 1977. Those are Windsor, Sarnia and Hamilton. These just barely exceeded the criteria. The criteria is 0.02 ppm and the annual average in Windsor for sulphur dioxide was 0.022. It's in the third decimal range. If you study the instrumentation, it is not accurate enough to assess whether the third two in the decimal is really accurate. It would actually be registered as exceeding the standard, but it is a very small excess. Windsor was 0.022; and Hamilton was 0.023, that is a very small margin in excess.

Take a look at what we started with. If we discuss the trend—we started at Windsor with an average of 0.04, versus an objective of 0.02. We've gone down from 0.04 to 0.02, actually 0.042 to 0.022, registering a 48 per cent improvement. In other words, we were double what our objective was to start with in 1971; and by pollution abatement we've brought this down to just barely over the objective, 0.02. So we really have improved the area in the past six years.

Ms. Bryden: Yes, I don't deny that; it just seems that we're a long way from our pollution standards.

Mr. Shenfeld: In some of the other locations where there is no improvement, we may have actually been meeting the standard or the objective at the time; therefore it may not show an improvement or it may even show a deterioration. If the levels are below the objective we're really not carrying on the abatement in that location. For example, London's annual average was 0.015 in 1971. That is, it met the objective in 1971. The actual annual average will be bouncing around. So some years it might be a little worse, some years a little better, depending really on the weather rather than on abatement.

Mr. B. Newman: Plus the location of your monitoring station, too, because when you refer to the 12013 location, then that's quite a distance away from the strong air pollutants that come in from the Zug Island complex. That's on the east side of town in relation to 12034, which is across the railroad tunnel; or 12015, which is directly across the river from the Zug Island complex.

Mr. Shenfeld: I was giving you downtown readings for Windsor.

Mr. B. Newman: The downtown isn't affected to the same extent as the west side.

Mr. Bounsall: The west side's pollutant factor is about four to six times as heavy. If those are the downtown readings, I sure as blazes am not impressed with what the west side readings would be then. You're missing it by so much that I think the late 1960s figure probably still stands; and that shows that if you lived in the west side of Windsor it was equivalent to smoking 46 cigarettes a day. There hasn't been much abatement on that. If you're missing the standard—the downtown reading is over the standard and the west side is roughly four to six times the amount of that. I've seen the local pollution isotherm maps, and you've got a terrible situation still continuing to exist across from Zug Island and covering most of the west side of Windsor.

Mr. Shenfeld: That is true, especially for suspended particulate matter.

Mr. Bounsall: That's right.

Mr. Shenfeld: What I was talking about was sulphur dioxide and it's a little different. The situation for suspended particulate matter is still well above our standards, in Windsor, and especially across from south Detroit.

Ms. Bryden: I notice that Sudbury isn't on your list for sulphur dioxides being above level, but I think a lot of it's due to this smokestack which is just spreading it over a little wider area than the city of Sudbury.

Mr. Wildman: Reaching to the Maritimes.

Ms. Bryden: If we're getting close to the target of 750 tons a day of sulphur dioxide which was set for Sudbury—and I understand that they were down only to about 3,600 tons a day by December, 1977—are they being asked to reduce that load even if it's being spread over a wider area? It seems to me they should be getting a lot closer to reducing that load of 3,600 tons a day. Do you want to comment on the Sudbury situation?

Hon. Mr. McCague: I believe your figures are right. I don't have them right before me here, but I think what you're quoting is correct.

[9:00]

Ms. Bryden: The minister seems to keep giving Inco extensions on reaching the 750 tons a day. Are we making any progress, or are we going to keep on giving them extensions?

Hon. Mr. McCague: That's really in the next vote. During the last 12 years the emissions for Inco and Falconbridge peaked in 1968 with 2.3 million tons of SO₂ from Inco and 0.4 million tons from Falconbridge for a total of 2.7 million tons. Due to control orders, the emissions by 1976 had been reduced to 1.5 million tons. Inco emissions were reduced to 1.3 million tons and Falconbridge to 0.2.

The reduction in SO₂ emissions and the greater dispersion by the high stack which came along in 1972 resulted in marked improvements in air quality in the Sudbury basin. In 1971 the ministry recorded a peak annual average of SO₂ in Sudbury at 0.053 parts per million. For the last two years the annual average for Sudbury has been reduced to approximately one third of this at 0.017 parts per million.

That compares with 0.014 parts per million in, say, Metro Toronto. With reductions in ground level concentrations, there has been a decrease in vegetation damage. Since 1972 there has been a substantial reduction in the number of potentially injurious SO₂ fumigations as a result of improved air quality. This has resulted in a large reduction in the area of acute SO₂ injury to vegetation and in the number of injury complaints. Visible vegetation injury is now confined to a few small pockets and occurs during short duration exposures.

Mr. Wildman: Can I ask a supplementary? Last year in the estimates the minister praised the so-called Sudbury study which is looking at the effects of the program of abatement and proposals for the future, and also studying, it was said, mainly the area south and east of the Sudbury area to try to determine the effects of the high stack. If you're abating some of the ground level problems in the Sudbury area, what effect is it having in the more distant areas? At that time the ministry indicated the Sudbury study would take, I think they said seven years. What's the status of that study now? When do you expect it to be completed? What's the role of the ministry in relation to the federal government and what effects have you found south and east of the Sudbury area?

Dr. Stevens: Stevens, air resources. Which question do you want me to answer first?

Mr. Wildman: First, on the south and east what have you found?

Dr. Stevens: To date, we haven't found anything that we can relate directly to the emissions in the Sudbury area. We are study

ing it and the study will be going on for another two years.

Mr. Wildman: Another two years?

Dr. Stevens: Yes, sir.

Mr. Wildman: What's your role in relation to the federal government in that study?

Dr. Stevens: The study is a provincial study, but we are undertaking certain aspects of it with the federal government.

Mr. Wildman: Does that affect Quebec and places like that? Is that what you mean? What's the federal role in this whole thing?

Dr. Stevens: They are partaking in certain aspects of the overall study, jointly with the ministry. Do you want specifically what the experiments are?

Mr. Wildman: I don't necessarily mean specifically, but what are you doing? Are you just studying the emissions from the stack? What's the overall purpose of the thing?

Dr. Stevens: There are a number of objectives for the study and simply stated it's to determine what goes up and the ultimate effect of the emissions.

Mr. Wildman: How wide is this south and east area you are looking at?

Dr. Stevens: It isn't just the south and east area; we are looking at what the fate is of all the emitted pollutants. We are not just specifically restricted to a southerly or easterly direction.

Mr. Wildman: But last year when I asked what studies you were doing in relation to the Sault Ste. Marie and Algoma area, and what was happening in Sudbury, it was indicated at that time that the study was concentrating on areas south and east. If you check Hansard, that is what it says.

Dr. Stevens: As I recall, the query was whether or not there was a precipitation monitoring station in the vicinity of Sault Ste. Marie; and that's true, there is. But the prevailing wind directions are westerly, so there is a slight bias in the westerly direction.

Mr. Wildman: But how wide is that area? How far are you going?

Dr. Stevens: The Environment Canada precipitation monitoring network covers all of eastern Canada. We have a much denser local network, which goes out to about 200 kilometres.

Mr. Wildman: Okay.

Ms. Bryden: I have a few questions on the charges against the Tricil waste disposal plant in Clarkson, which apparently were just placed in the last week or two, regarding their emissions.

There are some rather worrying questions that come out of the news reports on these charges. For one thing, some of the emissions included lead which exceeded the provincial standard of 10 micrograms per cubic metre of air. It was reported that the plant might be burning liquid waste with PCBs in it, even though I don't think it is licensed to do that. I think St. Lawrence Cement, in the same area, is licensed to do so. So I would like to know whether the newspaper story suggesting that is correct.

It was also reported that there were spills of an undisclosed chemical but the ministry officials wouldn't reveal what it was.

This plant has been a matter of complaint by the local residents for a good number of years, both producing bad smells and causing some local residents to complain of illnesses which they think may be attributed to the air emissions from this plant.

The ministry seems to have been dragging its feet on fixing up the situation. They did put the plant under some requirements to alter their practices last fall. They were supposed to be completed by October 1977. Then they got an extension to December 1977. The final hearing—I guess it isn't final—but the next hearing on the subject before the Environmental Appeal Board was just this week. Again, it has been put off for another six weeks while the company is given more time to go away and see if it can fix up these emissions. So there has been very little action happening over the period of several years of complaints.

I would like to know what the ministry is really doing to improve the operating efficiency of this plant. Will the plant ever be adequate, or is the design so bad that it cannot control the emissions? If so, what is the ministry planning to do about having a plant which is a constant source of complaints, problems and very serious emissions in a heavily populated area like this?

Hon. Mr. McCague: Mr. Chairman, again we are jumping to the next vote under abatement. I will go as far as I can on the matter, but the member's further questions will have to wait until the next vote.

There were 10 charges in total laid against Tricil: two charges for exceeding smoke density levels, one charge for excessive odour, five charges for violation of the existing control order in such matters as improper storage of drums containing waste material, failure to comply with the control of odour, failure to comply with control of emission from the stack, failure to comply with the requirements of the recording of the concentration of organic carbon in combustion gas, and con-

centration of contaminants in the waste incinerator. Two other charges were laid for exceeding the ministry's standards for emission of particulate matter and lead. There was another charge for a spill. We are not sure what is in that yet and that will be reported when we have the information.

The ministry feels that properly operated, that plant is capable of handling a lot of our industrial wastes. There are low levels of PCBs being burned at Tricil, as there are at St. Lawrence Cement, to which you alluded.

Does that cover your questions?

Ms. Bryden: Does Tricil have the proper combustion facilities for burning PCBs? I think this is news to a lot of people that they are burning some PCBs.

Hon. Mr. McCague: We have discovered that they are burning PCBs, as we discovered they were doing at St. Lawrence Cement when we discovered them in waste oils; and particularly in oil taken directly from crank cases. In three samples taken one did have a level of 17 parts per million. I think we were surprised also that they were there. We feel they are being destructed, as we did in the case of St. Lawrence Cement.

As you know we are burning, on a test basis at St. Lawrence Cement, up to 25 per cent concentrations which is 250,000 parts per million. We were satisfied they were being destructed in the system. But we have told the residents that we will go through a hearing and let everybody have their say on the matter.

Ms. Bryden: That is another point, Mr. Chairman; the local residents feel that they are pitted against companies with big amounts to spend on putting their case and the residents have great difficulty finding money and people with time to put their case. So it is not a very equal footing on which the hearing is being held. All these delays and constant extensions of the orders add to the costs. They feel there has been very little action in the last couple of years on controlling these emissions. They really wonder whether the ministry is going to be prepared to go to bat for the residents or whether they are just going to spin it out with hearings, and very expensive hearings.

Hon. Mr. McCague: I think the ministry is simply going to present its case based on the study that was done by Environment Canada, the Ontario Ministry of the Environment, and I guess the Ontario Research Foundation.

Ms. Bryden: Would you consider funding some of the local ratepayer groups to put them on an equal footing with the company, which is a subsidiary of CIL, I understand,

and has fairly wide resources for putting its case?

Hon. Mr. McCague: We are not intending to do that, no.

Ms. Bryden: I think it is something we should be looking at; or perhaps the companies are the ones that should be putting up some money for the opposition so that we can have what is called a fair hearing. That is the latest suggestion for how to fund public interest groups which don't have the access to lawyers and can't take it off their income tax.

Mr. B. Newman: I wanted to ask the minister if he doesn't think he has the responsibility to help the citizens clean up the environment?

[9:15]

Hon. Mr. McCague: I think it is a very complex question, Mr. Newman. I think people get a fair hearing. I guess what you and Ms. Bryden are referring to is the retaining of expert witnesses in the matter. It's a very large, expensive area for the government to get into. It would cost millions and millions of dollars if we were to get into this matter.

Mr. B. Newman: Then you are willing to have the citizens adversely affected, because they're taking on Goliath, they being David. You wouldn't like to come and help and make the battle a little more even, so to speak, so that at least the citizens can put their point of view across? Mississauga is the one that you're really referring to, is it not, Ms. Bryden?

Ms. Bryden: Yes.

Mr. B. Newman: Yes, and that is the one on which I was actually basing my question. I wasn't basing it on the CPR fight in the city of Windsor, in which I really think you should be involved in helping the citizens help clean up an environmental problem. Even though it happens to be a railroad that comes under federal jurisdiction, it's adversely affecting citizens who live in the area. It makes the area more livable for them, it reduces medical costs, because citizens are not adversely affected by the environment; and it really, in the long run, saves you dollars if you get yourself involved.

In the CPR case, your officials just read, from my understanding, the transcript of one of the hearings in which only the CPR presented its side of the story. I understand they did not get transcripts from earlier hearings that showed the citizens' point of view. If I'm wrong I would like to be corrected, because that is the impression that the citizens have, that you've

read one side of an issue and not their side of the issue when they were presenting it in front of the Canadian Transport Commission in the city of Windsor.

Those hearings are going on right now. The citizens are very disappointed in the Ministry of the Environment not actually trying to come and help them. We really think, Mr. Minister, that you should be doing this. You have an obligation to the citizens of Ontario, not an obligation to Canadian Pacific or to any corporation. I would think you and your officials would want to clean up a problem and make an area more attractive and better from a health standpoint, as well as aesthetically and otherwise.

Hon. Mr. McCague: That's exactly what we're doing in the case of St. Lawrence. We're the proponent of that hearing. We are putting before the hearing what we know about the burning of PCBs, and we consider it to be safe. The question is that the residents don't think it's safe, but we think it's safe, and in that way we are protecting the interests of the citizens.

Mr. B. Newman: I understand what you're saying, Mr. Minister. Here is what the city of Windsor council did on March 20 of this year. It passed the following resolution—dealing with the PCB question, not the CPR at all:

"Whereas the federal and provincial governments have recognized the fact that there is a need to control toxic compounds such as insecticides, polychlorinated biphenyls and other chlorinated hydrocarbons which pose a threat to human health and the environment and have passed legislation to regulate the use of these substances until, eventually, all uses are phased out; and whereas enforcement of this regulation covering distress products which are accumulating in large volumes pose an urgent need for facilities which can destruct these distress products in a safe manner in terms of environment and human health; and whereas both levels of government have a health responsibility to the citizens because of the carcinogenic properties of these substances, be it therefore resolved that the provincial Minister of the Environment and the federal minister of Environment Canada be requested to pool their technical expertise and resources for the design and construction of facilities at certain locations least likely to cause hazard to the public for the safe disposal of all manner of liquid and solid toxic waste; and further, that copies of this resolution be forwarded to—" a series of indi-

viduals and organizations. Are your following up on this Mr. Minister?

Hon. Mr. McCague: I got it today, Mr. Newman. You always seem to get yours two or three days ahead of me. However, I got this today.

Mr. B. Newman: I don't think I get it before you do, because it comes in the mail at the same time—except that I open my mail.

Hon. Mr. McCague: I see. Mr. Newman, the import of this motion is to get together and decide on a place to burn them that's not Windsor, that's what it is.

Mr. B. Newman: That isn't a bad resolution is it?

Hon. Mr. McCague: No, not at all; but they don't want them burned in Windsor, they want them burned someplace else.

Mr. B. Newman: No, they simply make mention in there; "least likely to cause hazard to the public—" All right, "least likely."

Hon. Mr. McCague: You mentioned in these same estimates the other evening that we should be getting them out where there aren't many people. They talk about no people in northeastern and northwestern Ontario. There has been talk about disposing of nuclear waste in that area and the members from there will vouch that they've already written to me saying, "No thanks, we don't want them."

One of the problems is where do you dispose of these kinds of things? We're convinced, as a ministry, and Environment Canada are as well, that they can be safely disposed of through burning at St. Lawrence. You would contest that?

Mr. B. Newman: Yes, I would.

Hon. Mr. McCague: Maybe rightly so and maybe wrongly so. That is, I think, the purpose of the hearing. Your complaint is that those opposing it will not have the funds to prepare a proper case?

Mr. B. Newman: That's right.

Hon. Mr. McCague: The problem with funding those kinds of things—and I think this ministry tries to take into consideration the health and well-being of every citizen—but if the government, as a matter of practice, were to get into the funding of environmental hearings we'd be into OMB hearings, we'd be into Ontario Energy Board hearings and we'd be into human rights hearings and environmental assessment hearings. I don't know where the buck would stop on that particular issue. We would have a whole bureaucracy of professional hearing

attenders at tremendous cost. I think that's a hard argument to refute, that the cost would be just horrendous.

Mr. B. Newman: In a case like this, Mr. Minister, you would only need probably one or two facilities in the province that could take care of all of the burning of these wastes. Environment Canada officials, at the meeting in the city hall, made mention of that, if I'm not mistaken. Is that not right, Mr. Bounsall?

Mr. Bounsall: We suggested, actually, a location for it. It was a rural area in which all the nearest farms were owned by officials from your ministry who are convinced the operation is fail-safe. If you don't have officials in your ministry who are willing to live next door to it in a fairly wide area—there's one. Maybe you can get some more. There's two; you've got two now. There's probably more who could be made interested in it. If you don't have enough so that the nearest neighbours are not complaining, then you surely can't build it smack in the middle of a built-up area, or you can't let it operate. It sounds like a silly suggestion, but the one which you may have to resort to, I think.

Mr. Sharpe: Mr. Chairman, I live in Mississauga very close to St. Lawrence Cement. I am one of the ministry officials who would be willing to live in that area.

Mr. Bounsall: I don't want to get into the PCB argument here because it has been gone over again and again, but the problem is its absolute fail-safe state. You can't guarantee that. It is a case of that one time in—who knows?—10,000, when it doesn't operate properly and you do have a spill. The question then is minimizing the number of people exposed to that spill. If you think the odds are greater than what I have quoted and you don't mind living near one, then those people who feel the odds are longer than that are those people who should be the nearest neighbours of that plant and take the chance. You don't put it smack in the middle of a built-up area where hundreds of people are going to be exposed to a non fail-safe operation at the time of failure.

I am not willing to live next door to it. I think the odds are long, but I'm still not going to take that chance that one time in every 20 years or so I am going to be exposed to a breakdown in the system. If you feel the risk is one in a hundred years and if that is what your ministry people feel and they want to take that chance, if you have people in your ministry that do, then you put them in the vicinity. I am not willing to try it and I don't like seeing it in an

entirely built-up area exposed to the chances of that.

Mr. Sharpe: We are all exposed to PCBs now.

Mr. Bounsall: It's the additional exposure that would come when an entirely non fail-safe operation operates under accident conditions that we are talking about.

Mr. B. Newman: I want to carry on in another vein. Do you have any agreements with bordering states, such that when the air pollution index over Canada, in Windsor, Niagara Falls and so forth, is beyond a safe level, you can contact a counterpart or someone in one of the American states and ask that they have an industry close down or reduce their operations so that at least the length of time during which the pollutants that are adversely affecting the citizens are going to be emanating from the manufacturing complex is reduced or stopped? You do it here in Toronto where you come along and advise Hydro to curtail operations and they follow up.

Hon. Mr. McCague: I believe we have reciprocal agreements, but Mr. Cross could elaborate on it.

Mr. Cross: In 1974, Governor Milliken and Premier Davis signed a memorandum of understanding between the state of Michigan and the province of Ontario. One of the areas it covers and where we have a form of reciprocal agreement is on the air pollution index. There is certainly a great deal of question about the legality of whether the governor could close somebody down on the basis of our index, but we have had reciprocal abatement when we have had a problem in the Windsor area.

Mr. B. Newman: How often have you used that in the last year?

Mr. Cross: I couldn't tell you this because I am not from the region, but I know once they did shift some power load to reduce the emissions from a power station they felt was affecting our index.

Mr. B. Newman: Do you have any agreement as far as water quality is concerned?

Mr. Cross: I'm sorry, I am not familiar with that field.

Mr. B. Newman: Does your ministry have that type of an agreement as far as the water is concerned?

Hon. Mr. McCague: Yes.

Mr. B. Newman: Do the American concerns, when they accidentally or otherwise dump chemicals into the Detroit River, or any other waterway, notify you?

Hon. Mr. McCague: In the case of the one in the Niagara River I don't think we were notified of that. Does anybody have the answer to that?

[9:30]

Mr. Chairman: Mr. Newman, we are discussing air resources right now.

Mr. B. Newman: No, I am discussing the policy of the government in relation to curtailing something at the source.

Mr. Chairman: Yes, but you are getting into the water resources field.

Mr. B. Newman: No, I'm just asking if he has an agreement.

Hon. Mr. McCague: Yes, there is an agreement.

Mr. B. Newman: Were you notified recently by Wyandotte Chemical of a spill in the Detroit River within the last month or month and a half?

Hon. Mr. McCague: I wasn't.

Mr. B. Newman: Your officials were not notified?

Hon. Mr. McCague: I can't answer that. That is what we were just saying, that you are not in the right vote and we don't have the people here.

Mr. B. Newman: Oh, all right. I'm sorry then. Good enough. You did mention that you had an agreement with them. The other question that I wanted to raise is, have you no intention of assisting the South Walkerville-Remington Park residents in their fight against the CPR?

Hon. Mr. McCague: We have no intention of providing them with money to mount their case.

Mr. B. Newman: All right. How about legal talent?

Hon. Mr. McCague: Are we involved in that hearing at all?

Mr. Sharpe: We'll ask John Manuel to come to the microphone.

Mr. Bounsall: How about Herb Gray? Is he involved at all?

Mr. B. Newman: He is involved, yes. All of the federal members are.

Hon. Mr. McCague: The question was on the CPR hearing in Windsor; were we going to provide any funds? I said no. The question then was, are we going to supply any legal expertise, and that is for you.

Mr. Manuel: Mr. Minister, the comment that has been provided already to all parties in the hearing was based on the transcript of the new hearing that is currently in progress. The intention in providing this comment,

which is essentially only the CPR comment, is that we will be available for anyone in the hearing who wishes to have us participate.

Mr. B. Newman: Are you referring to legal talent or are you referring to your office in the city of Windsor conducting studies as to air qualities, noise control and so forth?

Mr. Manuel: The comment that has been provided, Mr. Minister, is technical comment on noise, exhaust emissions and damage to plants and vegetation. This information and the expertise will be available from head office, not from the local office in Windsor.

Mr. B. Newman: Do you have any monitoring devices in the area set up right now?

Mr. Manuel: The noise levels have been monitored. There is a continuing study on noise going on and, as was pointed out in the comments, no study on the vegetation could be carried out until the growing season occurs.

Mr. B. Newman: How about pollution control devices or pollution monitoring devices as far as diesel fumes are concerned?

Mr. Manuel: I stand corrected, this is not my speciality, but the comment indicated that there was no special concern for emissions from the locomotive diesels.

Mr. B. Newman: That is all I wanted to ask for now, Mr. Chairman.

Mr. Bounsall: I want to ask some more questions relating to the way in which Ontario and Michigan get together over the agreements regarding air pollution. The IJC report mentioned here earlier tonight indicated that there were increases in the maximum levels and increases in the number of incidents. It also indicated that there were increases in certain of the individual air pollutants. The report ended up by warning Michigan and Ontario that unless the standards were stringently enforced and there was no relaxation of surveillance, there was no way that one could meet the overall standards set for the Windsor area.

All right. You have had this joint agreement. Just what exactly does Ontario say to Michigan and to whom do they say it, when you get an IJC report of this nature that warns both the province and the state—for which there are reciprocal agreements regarding air—about the problems of the future? I'm interested in knowing just what happens at that point. Who speaks to whom?

Hon. Mr. McCague: Mr. Cross, air resources branch.

Mr. Cross: When the agreement was set up between Michigan and Ontario, we had already had a great deal of liaison with

Wayne county and the state of Michigan and the EPA on the American side of the border. In implementing the agreement, we set up what we call the Michigan-Ontario trans-boundary air pollution committee. This committee meets regularly. They analyze all of the air quality data which is gathered on both sides of the border. They comment on the control programs that they have. They exchange information on complaints, and they do this not just at their regular meetings but also whenever they have a complaint. If it's from the other side of the border, they handle it immediately by phone.

We also monitor on both sides of the border. Periodically when we're doing special studies we have permission to take our mobile monitors over on to their side of the border as they do on ours; so we have a great deal of exchange in information. We have regular meetings of this committee on assessing air quality shifts and they do the leg-work which is supplied to the IJC board. The board analyzes this data and makes recommendations for additional monitoring—and this includes any requests that we think haven't been covered in the work of the committee—and then this is put into the report to the IJC. These reports are made to the IJC twice a year, once in Ottawa and once in Washington.

As I say, it just happens that the board is reporting to the IJC in Washington today.

Mr. Bounsall: You say the committees meet for this exchange fairly frequently. How often? Is it once a month, once every two weeks?

Mr. Cross: The people on the border meet very regularly. But a general meeting of the board, I'd say, was about every two months or so. Mr. Shenfeld says every three months. Mr. Shenfeld is the air resources branch representative on this trans-boundary committee. But they do have regular contact, of course, in connection with any trans-boundary events.

Mr. Bounsall: If there are this many meetings going on, why hasn't there been more improvement achieved than there has been in the quality of air? I'm particularly concerned, of course, about the west side of Windsor which I represent and where the pollution is still very, very bad. You're not going to meet the standards you would have liked to have met. You didn't in 1976. You're not going to meet them, I would suspect, in 1977 nor at the end of this year. How do you get action?

Where does that committee go? You report back to your ministries, I presume, or

to you, Mr. Minister, as the appropriate person in this particular ministry, and it's still a continuing, rather critical situation. What proposals do you make and where do you make those proposals to help alleviate what's been a critical situation for a number of years now?

Mr. Cross: Mr. Chairman, there has been a tremendous improvement right across the range of air quality. There's one area of the control program that hasn't been finalized on the American side as yet, and with one or two of the steel companies it's actually going under litigation. These are the final phases of the control program.

The air quality, in the particulate sense, is not meeting our objectives in Windsor, and when I say Windsor, I mean south of Windsor as well, and the area that you're concerned with, because that hasn't been responding to meet our objectives. The American authorities have been asked to review their particulate programs, even though they aren't complete. Even though some of these steel companies are now going to court to finalize, we have asked them to review their total particulate emission program to see what can be done further. This is one of the things that the IJC commented on in their press release. It certainly is the biggest problem we have along the border right now.

Mr. Bounsall: Okay. Just to follow that up a bit, they haven't completed it. You're asking them, I suspect, to further refine it and further improve it. Where is the holdup coming in the state of Michigan? Is it within the environment ministry or whatever their equivalent is? Is it a congressional holdup? Or why has there not been more action on the particulate problem from the US side? Where do you perceive the holdup to be on the Michigan side?

Mr. Cross: The problem on the Michigan side is in Wayne county where they are having some resistance from the steel companies who are going to court rather than meet the programs that are being required of them.

Mr. Bounsall: Is this thoroughly Wayne county's problem? It isn't a state problem?

Mr. Cross: No, Wayne county has to produce a control program which is satisfactory to the state implementation plan and that, of course, has to be satisfactory to the US EPA. But in Wayne county you have a good air pollution control program there, and their problem is in litigation right now with the steel industry.

Mr. Bounsall: When was that litigation launched by them?

Mr. Cross: Just from memory and remembering what I read on last year's reports when we were preparing the report to the IJC, I think the litigation just set in with the last year—in other words, where negotiations have broken down and Wayne county has gone to court. As I recall, there are two or three litigations now before the courts and there may be more when we get the next report.

Mr. Bounsall: Do you have any experience in how long these litigations last before a conclusion is reached?

Mr. Cross: I'm sorry. I couldn't answer that one.

Mr. Bounsall: One other point, Mr. Chairman, to some of the air quality staff about another situation in the Windsor area. It's a small one but it's certainly irritating everyone along the 1100 block of Janet Avenue. I brought it up in the last Environment estimates and got a nice reply from the then minister, and absolutely nothing has changed.

Mr. Wildman: Except the minister.

Mr. Bounsall: This is a small company—the Phoenix Log Company—that makes these pressed logs for burning in fireplaces, and its problem is one of sawdust. They unload sawdust trucks at the back of the plant and the sawdust from the unloading blows all over the houses on the adjacent street. Inside the plant they have a system supposedly set up that cleans the sawdust emissions out of the air inside the plant.

I quote the woman who lives nearest, directly behind the position on the roof where those fine particles now are emitted: "On March 23, they had two workers up on the roof shovelling these fine particles into containers." The first time this was brought to my attention was June of last year. The air management branch was phoned by myself then. One has a series of, "they're working on another stack cleaner," or "they're going to be getting a chipper out the back so they're going to be chipping hardwood pieces and not importing sawdust."

[9:45]

In essence, we have arrived at a situation where it's 10 months since the first complaint came in and we're still exactly in the same situation. They did put in a new installation in the month of January, hopefully to clean out the interior problem, and that apparently hasn't worked. The residents are now being

told that in three months' time they hope to have a revised system. It is very frustrating.

Two families in particular—a family by the name of Roy and one by the name of Vielmo—are intimately involved. You can imagine the frustration of Mr. Vielmo. He phones up Mr. Lethbridge and says: "Look, they are unloading another big van of sawdust out back." His house is directly behind where this unloading takes place. Mr. Lethbridge says: "Is it blowing on your property yet?" Mr. Vielmo says "No," and Mr. Lethbridge says: "There is nothing I can do until it blows across on to your property and off theirs." Half an hour later he gets a phone call from Mr. Vielmo who says: "It is now blowing on to my property." The answer is, "Well, there's nothing I can do about it." Really, that's what the answer boils down to. He can come out and look at it, but there seems to be nothing he can do or is willing to do about it.

What it appears to be, in spite of repeated trips by various members of your Windsor branch staff, particularly Mr. Lethbridge, out to the site, is that it is always three months away from solution. In fact, there is nothing he can do or is willing to do about the continued pile-up of sawdust on everybody's property right along the street. I spoke to Mr. Vielmo again over the supper hour. At 4:30 this afternoon he had about two and a half inches of sawdust at the base of his fence and blowing into his backyard from the truck which started to unload early this afternoon. I don't think that somehow your branch is really serious about having this company clean up both of these problems. It sure doesn't appear to be that way to the people on the street.

Another problem is the noise problem with it. When it was brought up that instead of importing sawdust, they were going to have hardwood chips imported and a chipper installed, I thought I had got an ironclad guarantee—and so did Mr. Vielmo, by the way, from the local ministry officials—that when they brought that chipper down to be tested there would be a noise meter on site. They were going to test it outside so that they could get the decibel readings outside along the back of the people's property, so that one would know that inside where this would operate they would be getting a lot less. If the decibel readings were somewhere in the vicinity of 70, it would be a pretty good guess that inside it would be less than the 50 to 55 you aim at, and the noise would not be a concern.

They couldn't make the test under the exact conditions they would operate under inside, but they could get somewhat close to it. When they did make the test it then appears that you have only got one movable decibel meter in southwestern Ontario and it has to be booked three weeks in advance. Only one person, by the name of Jim McQuarrie, can do the decibel test readings. This was the story that was handed out.

I am not trying to go after any person in the ministry but let me ask this question. How expensive are decibel meters that can take noise readings, and is the ministry so tight for money that it couldn't afford to have one movable one situated in the Windsor office for purposes such as this? If that wasn't a valid reason and that wasn't the reason the meter wasn't available, then it's not a reason at all and shouldn't have been handed out as one. Is there no one in the Windsor office who can be trained to operate a noise meter? Are you dependent upon, as seemed to be the answer, on one Jim McQuarrie having to come down from the London office to do it?

If that is the case, if you have only one movable noise meter in southwestern Ontario and it has to be booked that far in advance and only one person can operate it, I think you are a little shy in your training program and in the number of noise meters you have got in southwestern Ontario. If that is the case, I urge you to make a change in that so that when the company arrives on a given morning—and they can't always control when another company is going to come in to test their equipment—when they hear that equipment is there and they want to test it, you can get something on site that day, or at the very latest the next day, rather than what was said, an appointment scheduled two or three weeks in advance.

Hon. Mr. McCague: Mr. Bounsall, I was tempted to stop you before you got started, because that really comes under industrial abatement. We are going to have the regional directors in for vote 2003. If you will allow us to, we will take that question as notice and get the answer for you.

Mr. Bounsall: Okay; thank you.

Mr. G. I. Miller: While we are discussing air pollution, I wonder if you have any reports on the Nanticoke generating station, which is now just coming on full stream and the bugs are being worked out of the plant. I think they were running it at near capacity this past January and February.

I know there have been monitoring stations established around the area; I wonder if you

can provide a report as far as the air quality is concerned and the effects of this particular plant. I think it is of latest design, with all the latest protections built in.

Hon. Mr. McCague: I know we have been doing extensive monitoring in the area; we were doing it even before anything was happening so that we would truly have something to base our future findings on. Dr. Stevens may be able to elaborate on that.

Dr. Stevens: Mr. Chairman, we have a very extensive joint program under way down there, and it includes a very extensive air monitoring program in the vicinity of the plant and up to approximately 60 kilometres away.

Mr. G. I. Miller: Do you have a report at this time?

Dr. Stevens: No, the study is just under way this year. There are some stations that are already operational, but the full network is not yet operational.

Mr. G. I. Miller: Then you don't have any report at all from any station? I was under the impression that these were established even before the plant started. You mean you haven't monitored it at all?

Dr. Stevens: No, that's not the case. I thought you were referring to the actual study, which is a joint program being undertaken with Ontario Hydro, Texaco, Stelco and Environment Canada. But Ontario Hydro has been monitoring the ambient air concentrations of a number of pollutants down there for several years. We in the branch have been looking at vegetation down there since 1970. Dr. Linzon, of the branch, could most adequately respond to that.

Mr. G. I. Miller: Could you give a report as of the present time?

Dr. Stevens: On the vegetation?

Mr. G. I. Miller: And the air quality.

Dr. Stevens: I'll let Dr. Linzon answer with respect to the vegetation work that has been going on since 1970.

Dr. Linzon: Mr. Chairman, the member is quite correct; there have been studies carried out in the Nanticoke area since 1970. These were considered pre-operational studies before Ontario Hydro was to come on full stream and before the Steel Company of Canada and Texaco would be operational.

These pre-operational studies were continued annually and they are being continued at the present time, in addition to the Nanticoke environmental monitoring program, which is about to begin. There are annual reports which have been distributed for use

by our industrial abatement staff, and these reports are available if you would like to get copies of them.

Mr. G. I. Miller: To whom are they made available? To the municipalities? Or do you have to request them? How are the reports provided?

Dr. Linzon: Reports are provided for our industrial abatement staff and for the industries, and they are available to the public upon request.

Mr. G. I. Miller: Can I request a copy of that when they are available?

Dr. Linzon: They have been available for the past few years.

Mr. G. I. Miller: On a regular basis?

Dr. Linzon: Yes.

Mr. G. I. Miller: Thank you.

Mr. B. Newman: They'll put your name on the mailing list.

Mr. G. I. Miller: I would appreciate that.

Mr. Foulds: Mr. Chairman, I would like to raise some questions on the report that was released recently with regard to the studies done with the pulp mills in north-western Ontario, in Red Rock, Terrace Bay, Marathon and Thunder Bay, and in particular to the one in Red Rock. Do you want me to wait until your regional officials are in to question you in detail on that? Would that be more conducive or can we proceed now, because I understand that all the information is now available to your central office people.

Hon. Mr. McCague: Right. In the report that I gave you?

Mr. Foulds: Yes. Have you been able to get an answer as to why there were insufficient samples taken with regard to suspended particulate—dust, particularly—in view of the fact that before the study was begun that was identified as one of the major pollutants in the area?

Hon. Mr. McCague: Why there weren't more samples? No, I wasn't able to get that answer to date. Does anybody have that?

Mr. Gotts: Basically the report that was just released dealt with the monitoring by a mobile van which was only present for a brief period of time, and normally our monitoring of dust falls is done over a long period of time using instrumentation that will basically measure over 30 days. In keeping with the recommendations of the report, the region is now looking at the installation of dust fall monitors this summer so that Domtar can get more detailed information.

Mr. Foulds: What period then was the study taken over? I was under the impression

that it was in fact taken over a monthly period, the whole month of October.

Mr. Gotts: No, I don't believe it was.

Mr. Foulds: That was certainly the implication of the press release that was issued. Do you know what period it was taken over, what length of time?

Hon. Mr. McCague: One week. The press release says in October 1977.

Mr. Foulds: All right. Is it possible to site monitoring locations in Nipigon Bay? Because I gather that the winds are largely westerly and, therefore the emissions would drop over the bay, and maybe we should monitor whether that would have an adverse effect on, say, the fish population in the bay. It seems to me to be a fairly serious question.

Mr. Gotts: This is a little out of my field in terms of the siting but I don't think we would be looking at siting over the bay because (a) there would be a very significant cost and (b) with the air emission study being undertaken, we are not concerned with the water quality as much as we would be with their nuisance values and potential effect on health.

Hon. Mr. McCague: Human health rather than fish health.

Mr. Foulds: In other words, the emitted matters to the best of your knowledge are (a) a nuisance and (b) damaging only in air when you breathe in rather than when they come in contact with water and dissolve.

Hon. Mr. McCague: I believe that's correct.

Mr. Foulds: The major component of reduced sulphur is hydrogen sulphide? Is that correct?

[10:00]

Mr. Gotts: That is just one of the components. I wouldn't necessarily say it's a major component. It's likely to be though in the case of a pulp mill.

Mr. Foulds: And that the levels reached up to 230 parts per billion and peaked to 690 parts per billion? At those levels don't they become toxic?

Mr. Gotts: The Ministry of Labour made a statement as far as the toxicity and as far as human health are concerned. It indicated that at those levels they don't have a health concern.

Mr. Foulds: Then explain to me why the Ontario guidelines for those are 27 parts per billion, which looks like something like 10 per cent. I understand the smell—

Mr. Wildman: So does everybody in the area.

Mr. Gotts: I think the number would be based on the nuisance factor associated with it rather than the health—

Mr. Foulds: Okay, can I ask two or three other questions? One is, when can we expect the air pollution abatement program to be developed? You indicate that such a program will be developed based on the findings and so on. When can we expect that to be in place?

Hon. Mr. McCague: I don't know whether we can give you a deadline or not. We have asked Domtar for corrective measures. We are co-operating with them. We would want to assess what they are proposing and ask that they proceed with it quickly. I just don't know how quickly that can be.

Mr. Foulds: Historically how long has it taken you to negotiate such an agreement with Domtar or with any pulp and paper company in Ontario? Have you any experience to go by?

Hon. Mr. McCague: Historically how long does it take?

Mr. Foulds: I mean have you had any past experience where you have had this kind of situation and you have had to negotiate with the company about implementing an abatement program and how long has it taken you to do that?

Mr. Gotts: The answer probably can't be totally definitive but we will be commencing negotiations with them immediately and I must admit that they have just received the report at the same time we released it to the public. We have asked them already verbally to commence looking at their sources to see where these might arrive.

In other words, the first step will be to determine what particular activities or processes give rise to these emissions. They will first be involved in plant surveys, looking at processing I am sure, and so on, trying to predict where these principal sources are. This then has to be translated into potential abatement activities in terms of either emission controls or process modification and so on. I would have to guess at the moment as to how long this might take. But I would think it may be approaching the end of this calendar year before we will be into discussion on abatement measures.

Mr. Foulds: Why would it take that long to identify the particular sources and to work out an abatement program? I would have thought that if there was goodwill involved on both sides, and I assume that there is, a three- or four-month period would be more logical. Then we could see some kind of program in place roughly around October. It's

April now. Why does it take eight or nine months?

Mr. Gotts: I am just giving you a guesstimate. Obviously if they are already aware of the sources or are aware of abatement techniques that they may wish to employ or what the alternatives are, that may be shortened. If they are unaware of these and if they have to get involved in rather sophisticated stack sampling and so on, then this may be extended. I am really just giving you a guesstimate as to what it might take.

Mr. Foulds: I would like to shift gears just for a second. Do we have any indication when the reports for Marathon, Terrace Bay and Thunder Bay would be available? I understand all the data and so on have been in central office for some time and it is simply a matter of wording the report at this stage. Is that correct?

Hon. Mr. McCague: They will be available to you as soon as I get them. As a matter of fact, the one you already have is not printed yet.

Mr. Foulds: It's not even stapled.

Hon. Mr. McCague: It had a damn good clamp on it and I took that off before I gave it to you.

Mr. Foulds: That's called economizing. I have been looking for a bulldog clamp ever since.

Hon. Mr. McCague: It's up in my desk. You can claim it if you like. However, as I said today in the House, I don't know when they are going to be available. Does anybody know when they are going to be available?

Mr. Gotts: In about one month.

Mr. Foulds: We can see them as they arrive. With regard to the Thunder Bay study, did that involve all of the four pulp mills in Thunder Bay or did it just involve one? I understand that in Terrace Bay and Marathon, there is just one pulp mill so that it would only involve that. Did they monitor the Thunder Bay one?

Mr. Gotts: I think principally it involves the Great Lakes Paper operation. There were some measurements elsewhere but that was the principal one.

Mr. Foulds: Just bear with me for one second, I have one more question. That was a kind of interesting statement in the summary where it said that nitrogen oxide concentration levels were also well below Ontario standards except for one monitoring period, at which time, it is suggested that the probable source was emissions from vehicular traffic. What would give you cause to suspect that? Would it be the time of day or what?

Mr. Gotts: The time of day and location.

Mr. Foulds: Can you be a little bit more specific that that? Is that the one at the Village Inn?

Dr. Stevens: I am not certain exactly what the location is off-hand but I recall that that was next to a roadway. The high concentrations of nitrogen oxide were observed during the rush hour or during a shift change or something like that. I don't recall the exact location off-hand. I could check it for you and find out and report it to you.

Mr. Foulds: I'd appreciate that. I lived in Red Rock for a number of years and rush hour is kind of a strange term to use for a one-industry town. However, shift change I would understand.

Dr. Stevens: I appreciate that and I was looking for the correct term. I was trying to think of an appropriate term. The monitors are so sensitive that it just takes one automobile virtually to go by for you to notice a tremendous increase in concentration. It doesn't take very many automobiles next to it for you to notice, relatively speaking, elevated concentrations.

Hon. Mr. McCague: How long is the rush hour in Red Rock?

Mr. Foulds: Twelve minutes at best.

Hon. Mr. McCague: They say Regina is only five minutes, so I didn't think Red Rock would be nearly that long.

Mr. Foulds: It depends whether you are going from the gate to Nipigon or to the refreshment stand at the Village Inn.

Mr. Germa: Can we talk about radiation contamination on this one?

Mr. Chairman: Is that under industrial abatement?

Mr. Germa: It's not industrial. It's in houses in Elliot Lake and the levels of radiation which were found there.

Hon. Mr. McCague: Are we prepared to discuss that? Okay.

Mr. Germa: Okay. Can we establish what the threshold values are when the ministry becomes concerned and takes some action? Take Elliot Lake, for instance; there are corrective measures being taken there. I'm just wondering at what threshold value in a residence become concerned.

Mr. Drowley: Mr. Chairman, these levels are set by the Atomic Energy Control Board. If you bear with me, I'll have to get them out of here.

The levels they want to see in a house in Elliot Lake for long-term exposure is 0.02 working levels. They recommend that

remedial action should be taken if you're at 0.15 working levels. In this case, the remedial action that has been taken—and these are existing houses we're talking about—is a means of ventilating the basement all year round until they can actually ascertain the source and remove it.

They also want to look at levels if they're 0.01 working levels. The reason for looking at 0.01 is the variability of the radon readings, which seem to be dependent upon temperature, vapour pressure and whether the houses are closed up; in the summer-time they go down and in the winter-time they seem to increase somewhat. That, basically, is it, Mr. Chairman.

Mr. Germa: You don't rely on one reading? You wouldn't take only one reading as a proper test?

Mr. Drowley: I understand, and I'm just going by memory now, the initial surveys that the AECB undertook there produced one reading. Then they hired consultants, to go back, and they're taking a series of readings. I know that when the Ministry of Labour is taking measurements in the new housing that is being built, there is a minimum of 10 readings taken over a period of time.

Mr. Wildman: Are they using mechanical ventilators in that new housing too?

Mr. Drowley: In the ones that are being built currently, it involves underfloor tiling, and I believe there is a small fan in the ventilating shaft.

Mr. Germa: So, at 0.01 we do start looking?

Mr. Drowley: They will go back and re-check. We don't know that there is particularly any hazard at that level.

Mr. Germa: But at 0.02 you do something, I understand.

Mr. Drowley: They want to have the annual average reading at 0.025.

Mr. Germa: Okay. Are you familiar with the national radon survey, which came out recently and which was undertaken by the Department of National Health and Welfare?

Mr. Drowley: Yes.

Mr. Germa: They surveyed about seven or eight cities in Canada: St. John's, Newfoundland, Fredericton, Quebec City, Montreal, Toronto, Sudbury, Thunder Bay, Calgary and Vancouver.

Mr. Drowley: That's right.

Mr. Germa: I hate to say this—I hope neither the chamber of commerce nor the

press knows what I'm saying or that I'm lambasting Sudbury—but Sudbury won the national contest of all the cities tested. They tested 772 houses in Sudbury at random and found that 6.9 per cent of the test sample was higher than the 0.02 figure. In other communities the comparable figures were: Fredericton, 3.3 per cent; Quebec City, 2.1; Montreal, 1.0; Toronto, 0.9 per cent; Thunder Bay, 2.2 per cent; Calgary, 0.02. Sudbury is worse than Elliot Lake, and yet Elliot Lake is looked on as a disaster area as far as radon contamination is concerned.

Mr. Drowley: I don't have the figures with me, but I don't think that statement is exactly correct. They said there was more above 0.02 but there wasn't one, as far as I recall, above 0.15. There were certainly quite a few in Elliot Lake above 0.15, but I would have to check those figures before I could really answer you.

[10:15]

Mr. Germa: Okay. The worst house in Sudbury, which was the worst house right across Canada of all these tests, was 0.091. My question is, what involvement has the ministry got in correcting this measure? Are you taking a look at these houses in Sudbury? Are you concerned about the results of this national survey?

Mr. Drowley: Health and Welfare on the national level who undertook it don't seem to feel that this creates a health hazard per se. People who are concerned have been, as far as I know, referred to the medical people, our advisers in Labour. I haven't been advised as to whether Health and Welfare intends to do a followup study across the country or not. This has been discussed with them but we haven't had an answer from them on that as yet. I should point out that that survey was done on a single grab sample type survey.

Mr. Germa: Yes, that's why I asked you whether one was sufficient to make an evaluation.

Mr. Drowley: I think the purpose of the survey, as I understand it from Health and Welfare, was that they didn't have any data across Canada of what actually existed as far as radon gas was concerned. This was their first attempt at trying to find out what exists.

Mr. Germa: You know that this study is there, the information is there. You know that of all the cities tested Sudbury seems to have the worst hazards. Is your ministry not going to go in there and take a further

look? Are you going to take the feds' word for it that this is not dangerous to health?

Mr. Drowley: I think we would have to take their word, as far as our own medical advisers on this particular thing.

Mr. Germa: All right, let's take a look at what your medical advisers say, then. I think you must know Dr. Mueller from the Ministry of Labour; he's got a big reputation here in Ontario. Based on radiation information of induced cancers in Czechoslovakia, Hiroshima and the United States, he would expect 20 radiation-induced lung cancers per 100,000 of population for people living in a home one hour per day from birth to death at a level of 0.02. That's only one hour per day, which doesn't apply to many people. Who lives in his house only one hour per day? If you take a non-working mother who would probably spend 20 hours per day in her home, what you have to do then is multiply the 20 hours by the 20 lung cancer cases and—

Mr. Drowley: I don't think your interpretation is quite correct.

Mr. Germa: Maybe you'll tell me.

Mr. Drowley: Excuse me, but I think we'll have to get Dr. Mueller to do that for you, because I'm not a radiation specialist nor medical doctor. I'm sure we could have Dr. Mueller or Dr. Fitch here.

Mr. Germa: Do you question that we can expect living one hour per day in the house will induce 20 lung cancers per 100,000?

Mr. Drowley: I don't recall his statement per se as you're reading it, so I wouldn't like to comment on it, very honestly.

Mr. Germa: You don't have the expertise here to respond to my question then?

Mr. Drowley: No, sir.

Hon. Mr. McCague: Dr. Fitch has already said that the radon gas detected in Ontario homes is well below the established level at which we would normally advise remedial action. I think all the people whose homes were tested were notified and it would appear you have a different opinion than was given by Dr. Fitch.

Mr. Germa: I think that's why I asked the question—what was the working level. I think he told me that at 0.02 you start getting concerned.

Hon. Mr. McCague: Right.

Mr. Germa: And we have 53 houses over 0.02 in Sudbury.

Hon. Mr. McCague: We haven't got those figures here.

Mr. Germa: I understood you were in contact with the feds. Do you not collaborate with the feds in cleaning up these messes?

Hon. Mr. McCague: Oh, yes.

Mr. Germa: This report has been out for some considerable period of time. I'm surprised you're not on top of it.

Hon. Mr. McCague: We just don't have it here tonight. We'll get you the answer.

Mr. Germa: All right. Are you into Sudbury and following up on those 53 houses then that are over the 0.02 level?

Hon. Mr. McCague: No, the federal people are though.

Mr. Germa: You don't go in with them to satisfy yourself?

Hon. Mr. McCague: We have had consultation within the ministry with them, I'm sure.

Mr. Germa: Where do I get the answers to my questions? From the feds or can I expect them from you?

Hon. Mr. McCague: We said we would get them for you, which we will.

Mr. Germa: What about these induced cancers, which sounds pretty severe, from living one hour per day in a house? My mathematics were thrown out, but if I live 20 hours per day in the house, I think I'm suffering 20 times the exposure and suffering 20 times the risk. That was refuted. Can we get somebody here to give us some expert opinion?

Hon. Mr. McCague: The health aspects really come under the Ministry of Labour.

Mr. Germa: It's not in industry. I wonder does the Ministry of Labour go into homes? Is that their responsibility?

Mr. Sharpe: The Ministry of Labour provides the expertise on health matters related to this particular problem. They establish the levels and we are the people who carry out the surveys and do some of the work with the feds on a divided responsibility.

If you were going to question the standard, I think that would be appropriately questioned under the Labour ministry's estimates, not ours.

Mr. Germa: That's a new one for me. I didn't know the Ministry of Labour went into private dwellings. I can understand it. They have the expert staff.

Hon. Mr. McCague: They are doing the levels in other areas and they carry it through to this level also as far as we're concerned.

Mr. Wildman: Mr. Chairman, could I ask a question?

Mr. Chairman: Are you through, Mr. Germa?

Mr. Germa: They appear not to have the expertise to answer the questions which I have.

Mr. Chairman: I think the minister mentioned he would try to get you an answer by our next meeting. Could we have it then by 10 o'clock tomorrow morning?

Mr. Drowley: Probably by Thursday night.

Mr. Chairman: Thursday night.

Mr. Wildman: At that time, could they ask for the information on the basis of whether or not the working level months are the same for all areas? I know one of the problems and one of the situations in Elliot Lake is that that level is determined partly on the basis of the fact that the men who work in the mines are exposed all day as well or can be. I'm not sure that the levels are always the same in every community. That sort of information would certainly affect the question that Mr. Germa is asking.

Hon. Mr. McCague: It's really out of our ministry, but if we can get it conveniently we'll attempt to at the same time.

Ms. Bryden: I had one other question regarding air that I wanted to raise. It relates to the air pollution that is coming across the border and affecting the St. Regis Indian reservation. I know the minister will say that he doesn't have jurisdiction over Indian reservations.

Hon. Mr. McCague: I hadn't planned on saying that, but thank you anyway.

Ms. Bryden: What I was going to say is that I'm sure the alleged pollution which has been documented by a number of university studies from the Reynolds Metal Company across the border from New York state to Ontario is not probably confining itself strictly to the boundaries of an Indian reservation, even though some of the people that are affected live on a reservation. Therefore, I think it's a subject that the province should also be interested in and should be working very closely with the federal government on, both in trying to put some pressure on New York state to do something about this as well as working through the Department of Indian Affairs to see if they can take some action to protect these people.

There have been studies done by the University of Montana which shows that pollution from the Reynolds Metal Company

has killed a good deal of the vegetation on the land of the St. Regis reserve. There is evidence from Cornell University that shows that farmers' cattle are dying from exposure to the pollution. There is evidence from the University of Illinois medical centre that shows that pollution from the Reynolds plant has placed the health of the St. Regis Indians in jeopardy.

They have been trying and trying for quite a number of years to get some action on this very serious situation. They have become so frustrated with the lack of action that they have finally set up the St. Regis Operation Survival fund to pay for the medical investigations that are needed themselves. They are soliciting people's donations for this fund. When any group of people in the province experience this kind of frustration, all levels of government should start to look at the situation and try to bring some concerted pressure on the government of New York state to get some action on this. The prevailing winds do bring whatever emissions there are, across to Ontario and I am sure it is affecting both the Indians and non-Indians in Ontario. Is the minister planning to take any action in this field?

Hon. Mr. McCague: We continue to assess the effects of the fluoride emissions from Reynolds on Cornwall Island vegetation. The results reveal continued contamination of foliage and injury to sensitive species in a two-kilometre wide area extending across the island to the northeast of the Reynolds plant. In spite of Reynolds' reported attempts to gradually reduce their emissions, no noticeable improvement in the degree or extent of vegetation has been detected since 1972. In an attempt to resolve the issues of vegetation contamination, animal health effects and differing ambient air standards and criteria between the Canadian and American regulatory agencies, an advisory board hearing for the International Joint Commission was held in Messina, New York. Subsequently, discussions have been held with staff from the Department of External Affairs

who will be preparing the Canadian position for talks with the US State Department.

Ms. Bryden: Are you planning to follow up on this particular issue and see if further action can be taken or further pressure put on?

Hon. Mr. McCague: Yes. Maybe Dr. Linzon would like to add to what I have said.

Dr. Linzon: The situation is that Ontario was the first to work in this particular area and discover the fact that the St. Regis Indian band was suffering from the effects of fluorides. We first started investigating this area in 1969. The federal government did not become involved until 1975. We did work on this in co-operation with New York state in 1969, 1970 and 1971. Through New York state it was possible to have Reynolds Metals install pollution abatement devices in which 80 per cent of the gaseous fluorides were reduced, or not being emitted. This resulted in drastic improvements in the area in 1972 compared to 1969 to 1971.

However, as pointed out by the minister, since 1972, there has been virtually little improvement in the area. Because of the extent of the area, it is confined to about a two-kilometre area at the south end of Cornwall Island and is only confined to the St. Regis Indian band and to no other members of the public. Because of this, we are now working with Environment Canada because it is a trans-boundary pollution problem. It is an Indian band and that comes under federal jurisdiction. We are working closely with the federal people to resolve this problem.

As the minister pointed out, an International Joint Commission advisory board heard all the relative information in June and is reporting to the parent International Joint Commission body for any further hearings.

Ms. Bryden: I hope you will follow it up if the report requires it.

Item 2 agreed to.

The committee adjourned at 10:30 p.m.

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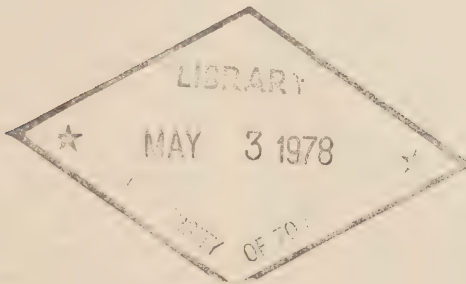
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No. R-5

Legislature of Ontario Debates

Official Report (Hansard)
Daily Edition

Resources Development Committee
Estimates, Ministry of the Environment



Second Session, 31st Parliament
Wednesday, April 5, 1978

Speaker: Honourable John E. Stokes
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, APRIL 5, 1978

The committee met at 10:05 a.m.

ESTIMATES, MINISTRY OF THE ENVIRONMENT

(continued)

Mr. Chairman: We have a quorum. When we adjourned last night we had completed item 2, air resources, under vote 2002.

On vote 2002, environmental assessment and planning program; item 3, water resources:

Mr. Gaunt: I wanted to get an update, Mr. Chairman, with respect to the bulletin put out by the ministry, "A Guide to Eating Ontario Sport Fish." I believe it's going to be put out again this year.

Last year it indicated there were 167 locations in the province where the unrestricted eating of fish out of those lakes or rivers would pose some health problem. I believe the ministry put out the bulletin, "A Guide to Eating Ontario Sport Fish" to indicate that there were certain levels of consumption that should be adhered to in the consumption of those fish from those lakes.

Having said that, I appreciate that we've made some progress in this respect. I guess back in 1972 or thereabouts, there were 300 lakes in the province where the eating of fish from those lakes was on a restricted basis due to the levels of mercury and other contaminants in the fish. I'm wondering what the ministry's program is going to suggest this year. Are we going to be down from 167 or is it going to remain about the same or is it going to be up?

Hon. Mr. McCague: Mr. Gaunt, it's going to be up and the data this year will include 450 lakes and rivers.

Mr. Gaunt: It's going to be up to 450 from 167?

Hon. Mr. McCague: Right.

Mr. Gaunt: What accounts for the dramatic increase? Is it because your sampling program is more intense?

Hon. Mr. McCague: That's right. There are more surveys.

Mr. Gaunt: I see. So you're putting this bulletin out based on information you have through your sampling programs indicating

that there are 450 lakes and streams in the province where the consumption of fish from those bodies of water should be restricted.

What procedures are you going to take in circulating that material? I think there was some suggestion last year that that information was fairly limited in its circulation, in that many people didn't really know about it. I know that the ministry, last year, indicated that they did circulate it to libraries, tourist operators and so on, but there seemed to be a feeling that the information generally wasn't widely distributed.

Hon. Mr. McCague: Just to correct one statement you made, of the 450 locations there are some where there is no warning issued on eating the fish. I'll have to get some help from someone else on that particular point as to what numbers there are in the very safe category.

I think last year the information was late coming out, for one thing. We have approved the format of the one for this year and it will be distributed not later than April 15, I'm informed. It will be available in all offices of Environment, Natural Resources and major libraries for reference purposes.

Mr. Gaunt: Mr. Minister, perhaps Mr. Frewin will have some information on this. Will it be distributed to all of the weekly newspapers in the province? I think that would be an advantage. I think that most people in small communities across the province read their weekly newspaper rather diligently, and I think that would be a good source from which one could get this kind of information. Will that be done?

Hon. Mr. McCague: We've already agreed that it will be in all weekly newspapers.

Mr. Gaunt: Okay.

[10:15]

Mr. Pope: A quick supplementary, Mr. Chairman. There was some concern expressed last year over the extent of the testing in northeastern Ontario. I wonder if you could give me an update as to how many lakes in northeastern Ontario have been tested? And, if it's an ongoing program, how many additional lakes will be tested this year in northeastern Ontario? And if possible, could

you give me some idea as to where they are located? For instance, in my own riding I think there were only two lakes that were tested.

Mr. Mills: I can't give you details right now but I could give you a list of those lakes that have been tested and those that are proposed to be tested, in each area of the province.

Mr. Pope: Will that be the proposal for the next year?

Mr. Mills: Yes.

Mr. Lane: Could I have another supplementary on that same problem? I appreciate the fact that these lakes and streams that have been tested and show certain variations of contamination will be advertised in the local press in the weeklies, but I just hope that the ad is put in layman's language so that the people will be able to understand that it is dangerous or it is not dangerous. Sometimes you get panic, especially in tourist areas where people have cottages and commercial operations and so forth. They see something in the paper and they misunderstand it and there is a panic situation regarding the future of their operation.

So I just hope that when we put these things in the paper it is quite understandable that certain areas are a higher risk and other areas probably a somewhat lower risk and really pose no danger as far as a commercial operation is concerned.

Ms. Bryden: Mr. Chairman, could I just follow up on that subject?

Hon. Mr. McCague: Maybe I could just respond before we go on. The ad will not give the information as to what lakes are proper. The ad will zero in on the fact that there is a booklet and that you should obtain a copy if you are going to catch fish and eat them, and telling you where you can do that. So it will not include each lake.

Mr. Gaunt: Mr. Chairman, I was just wondering if I could get a breakdown with respect to the 450 locations. How many will be in the A category, how many in the B and how many in the C? Is that information available? I presume that the recommendation still holds that fishing holidays should be spaced at least six months apart if one is consuming or catching fish in classes B and C?

Mr. Frewin: It depends where you are fishing, Mr. Gaunt, but that is correct. It depends where you are fishing but I don't have the details. We can put it together for you and see that you get it. We are working with it now. We closed off February 15 in

terms of receiving data from the laboratory and from Mr. Mills' branch. It is to go to the printer on Monday.

We are bringing out three booklets. We have changed the format slightly and we are bringing out a booklet for northern Ontario, southern Ontario and for the Great Lakes - St. Lawrence River system. Those booklets will be free of charge and they will be available at our offices, the offices of the Ministry of Natural Resources, Northern Affairs and the Indian community secretariat of Culture and Recreation. In addition to libraries, we are going to do a mailing to all media of the three booklets.

There will also be a central compendium which will be a collation of all of the lakes tested so far—the 167 that were completed last year constituting the original program and 250 or so additional lakes that have been done since last year and up to February 15 when we closed off. That book will be available at \$5 at the Ontario Book Store, but it will also be available in libraries and municipal offices and that sort of place—and at our own government offices, the four ministries I just mentioned. That provides more detail than the smaller booklet, which is free of charge. So if someone wanted more detail they could go to that book as a source book or buy it for \$5. And we are going to advertise the fact that this information is available and where, as Mr. McCague pointed out.

Mr. Gaunt: Do I presume correctly then that this information is just being compiled now and—

Mr. Frewin: The information is compiled. What we are doing now is producing the publications, which as you can appreciate is a considerable chore.

Mr. Gaunt: Okay. Can you give me an idea, Mr. Frewin, of roughly what the breakdown would be between A, B and C?

Mr. Frewin: No, I can't.

Mr. Mills' people would have to run a breakdown. I think they have that. Possibly we can get it to you before the close of the estimates.

Hon. Mr. McCague: Were you going to go fishing before April 15?

Mr. Gaunt: No. Actually, I don't think I will have time before that, so the information would arrive in time.

Mr. Frewin: Our target is April 29. I am told that is when the fishing season opens, so we will have everything in place and available for the public as of April 29. April 15 is our target but, to be honest, April 29 is more realistic.

Mr. Gaunt: Actually in Huron-Bruce we sometimes go fishing earlier than April 29, but we will try to hold off this year.

Ms. Bryden: I have another question.

Mr. Chairman: I think Mr. Gaunt still has the floor.

Mr. Gaunt: I was going to switch to the IJC report.

Ms. Bryden: I have one question to follow up on the fish if I might. I want to ask Mr. Frewin if notices are going to be placed in provincial parks and tourist camps about these books being available and where they are available in the immediate area, because a lot of the tourists don't read the local press.

While we don't want to alarm people unduly, the fact is that there is a serious health hazard, particularly for pregnant women eating this fish and I think we should disseminate the information more widely than we did last year. It's a great improvement that we are getting it by April 29 this year when it was July 15, I think, last before this information got out.

Mr. Frewin: A form of notice, Ms. Bryden, is going to be posted on the shores of the bodies of water that have been tested. It's what we call a warning sign, and it says, "Fish in this body of water have been tested by the provincial program and may or may not be contaminated." On each sign will be a decal containing an up-to-date record of the fish that have been tested from that body of water and the results. So it's kind of a jiffy guide to anglers.

The sign also provides advice as to where booklets may be obtained, not only for that body of water but for the bodies of water in the region.

Ms. Bryden: Could I also ask, Mr. Minister, which lakes of any size and used by tourists and campers have not been tested up to date? I heard that some of the areas around Georgian Bay and the Bruce Peninsula have not been tested.

Hon. Mr. McCague: Mr. Mills, can you answer that, please?

Mr. Mills: Could you repeat the question? I was getting geared up for IJC.

Ms. Bryden: I would like to know which lakes that are used for recreational purposes by a substantial number of people have not been tested, and I had heard that tests had not been made around the Georgian Bay area and the Bruce Peninsula.

Mr. Mills: Those are tested quite extensively, actually, through the commercial fishery program.

Ms. Bryden: But is the same information being made available to the vacationers?

Mr. Mills: Yes, it is available.

Ms. Bryden: Are there substantial recreation areas that have not been tested yet?

Mr. Mills: I would say no.

Hon. Mr. McCague: I think the program has involved testing in the neighbourhood of 200 lakes per year, and it is intended to test about 200 in the coming year also. How many lakes have we got in Ontario?

Mr. Mills: A quarter of a million or some such.

Ms. Bryden: How many did you say?

Mr. Mills: A quarter of a million. It's a long program.

Ms. Bryden: Can you tell us how a lake gets on the list for testing?

Mr. Mills: They are not necessarily tested in order of priority, but there are priorities—the points you mentioned—popular sports fishery, a known source of contamination or near a native community. We look at it in conjunction with MNR and other groups and determine which lakes will be tested. But we have tested upon request.

Mr. Chairman: Any further questions under water resources?

Mr. Gaunt: Mr. Chairman: I want to switch now to the IJC report. The minister knows—we talked about this before—that negotiations commenced, I believe, on March 30 with respect to a new US-Canada-Ontario agreement under the international Great Lakes agreement. I think it is important that we talk about this for a few moments, in view of those discussions.

I gather there are going to be specific water quality objectives incorporated into the new agreement. I think that was indicated. These water quality objectives would be minimal objectives to be used by Canada and Ontario in establishing water quality standards.

There were several things that concerned me with respect to the latest annual report published by the International Joint Commission. Those items are related to the fact that the report says the combined sewer overflows and storm water flows from urban areas are reaching "serious proportions and contribute significant amounts of a wide range of harmful substances to the Great Lakes. It is a matter of high priority that there be increases in manpower and in funds to combat the problem."

The other night we talked about the whole area of hazardous materials and substances. I am wondering if this ministry is prepared

to commit the manpower and the funds, which the IJC apparently feels is necessary to cope with this problem, in order not to resolve it but to keep it under control and in a position where we can advance the water quality of the Great Lakes system.

I notice that the report makes some comparisons between the two countries and their ability to enforce the regulations. It makes the observation that "it appears that both the setting of regulations and their enforcement are more flexible in Canada than in the United States." Since Ontario is a major participant in the agreement, with the Canadian government, I presume the same comment would apply to Ontario.

I am wondering if that is so, in view of the ministry, and whether the IJC has some logical basis upon which to make that observation. My view is they have, but perhaps the ministry has a different view.

Hon. Mr. McCague: Mr. Gaunt, I think Mr. Mills might answer your last question about the statement that we aren't as strict as the other side of the lakes.

[10:30]

Mr. Mills: We have been involved in this discussion many times. The article also says, in spite of the fact that this statement was made, that perhaps they should scrutinize the two approaches and determine which has been the more effective.

I would say that if you were to read any IJC water quality report, the performance on the Canadian Ontario side has been much better than on the American side. They have all the regulations in the world, but they appear not to be in a position to enforce them. We have a very good record of water quality improvement and pollution control achievement and we have objectives. They are not spelled out in law; they are targets that we have aimed for since the former Ontario Water Resources Commission was formed and I think we have a very good record of achievement. We would welcome the scrutiny that is suggested in this article.

Mr. Gaunt: You are saying, Mr. Mills, that the US has regulations but doesn't enforce them; we have objectives and we try to meet them. If we don't, they are simply objectives and we can go on from there—bearing in mind, of course, to be absolutely fair, that there has been an improvement in the water quality in the Great Lakes.

We talked about Detroit and Cleveland before in these estimates and I don't want to repeat it. It was stated at that time that there has been significant improvement with respect to their performance latterly. Even

though they contribute almost two-thirds of the discharge into Lake Erie they are getting in place some of the treatment plants which had been committed previously, which hopefully will cut significantly their discharge into the Great Lake system.

Hon. Mr. McCague: You have asked a few unanswered questions, I think, so far.

Mr. Gaunt: Yes.

Hon. Mr. McCague: As far as the two American cities and the American treatment of the Great Lakes are concerned, we are urging the early completion of the projects in Detroit and Cleveland. These matters are being discussed during the current negotiations of the agreement. We are making determined efforts in co-operation with the federal officials to reduce the pollution of the Great Lakes. The emphasis is on major US cities, which include those along the lakes and the inland tributaries. The Canadian position taken in the negotiations is based on redressing the imbalance of use of the Great Lakes by the US. We are calling for early correction of these outstanding problems identified by both governments in 1972, which are repeatedly mentioned in the IJC reports.

You mentioned the problem of storm water flows and combined sewer overflows. The ministry has recognized this problem and is doing major studies in Toronto to identify what remedial measures are required and developing some government policy. I think it hasn't been until recent years that we really felt there were a lot of contaminants in storm drainage. The treatment of storm drainage is being incorporated in some subdivision agreements around the province. It is very hard for the municipalities or the subdividers, upon whom those limitations are placed, to understand why, but we are moving in that direction.

Mr. Gaunt: Before I leave that, what about additional funds and manpower for this particular program? Is it going to reside solely with the municipalities to pick up the cost of this program, or is the ministry going to involve itself in terms of money and manpower as well?

Hon. Mr. McCague: That depends on what kind of project it is. I think one of the real problems we have here is, as you probably noticed in the press some weeks ago, that the Americans don't seem to be in a position to spend the level of funds that we think they should. It is all very well for us to spend great sums of money, but if we are not getting co-operation on the other side to do like things we are really not accom-

plishing a lot. I think it has to be part of the agreement and we have to agree on sort of matching funds for the whole Great Lakes clean-up.

Mr. Gaunt: Perhaps that is one of the items you can pursue in the negotiations that are currently going on.

Hon. Mr. McCague: That is being done.

Mr. Haggerty: Who is the biggest offender down there?

Hon. Mr. McCague: Cleveland and Detroit really.

Mr. Mackenzie: May I have a supplementary on that? What kind of leverage do we have over a situation such as Detroit and Cleveland? I can recall reports for years now indicating that they were the real problem areas, and finally there were some hopes that they were starting to move in terms of treatment. Has Canada actually got any real leverage in dealing with these people?

Hon. Mr. McCague: The power of negotiation, but maybe Mr. Mills would elaborate on that.

Mr. Mills: Again, it is only through agreement. The agreement was signed in 1972, specific target dates set and the dates have come and gone. No matter what you do—we could renegotiate—as far as we can see now the municipalities are on programs which should see the early completion of both municipal sewage treatment and its accompanying phosphorus removal by the early 1980s. Again, it is subject to agreement and it is subject to a lot of whims and negotiation and fund appropriation on the American side.

Mr. Mackenzie: It's whistling against the wind, eh?

Mr. Gaunt: Just to give a little balance to the whole thing though, I think one should also indicate that the Americans are taking the matter seriously. For instance, on August 19 last year the Michigan Water Resources Commission approved water pollution abatement plans of six major companies; those companies were fined a total of \$3.4 million and agreed to spend \$147 million to install pollution control devices. The companies did not meet the July 1, 1977, standards and even with the new equipment some will not comply until 1981. However, the plants and costs are as follows:

Twelve Detroit Edison plants are spending \$55 million in equipment. They paid \$122,000 in fines. Three Ford Motor Company assembly plants—\$38 million in equipment, \$1.6 million in fines. I think the ministry here could maybe take a note of the

amount of those fines. They seem to be pretty substantial. Hooker Chemicals—\$2 million in equipment; \$75,999 in fines. Abitibi Corporation in Alpena—which is interesting, because they have an unenviable pollution record in this province — \$2.5 million in equipment, \$200,000 in fines. Three Great Lakes Steel Corporation mills—\$45.4 million in equipment, \$1.25 million in fines. So there is some endeavour on the part of the Americans to try to get their people to shape up.

Mr. Haggerty: What were the total fines collected from the polluters in Ontario last year?

Hon. Mr. McCague: It is not very high compared to those kinds of figures.

Mr. Mackenzie: In perspective neither are very high really.

Hon. Mr. McCague: No.

Mr. Gaunt: The other matter I wanted to refer to with respect to the report was the fact that the report expresses some concern about the time being taken by the two governments to develop a joint policy on radioactivity along the border of the Great Lakes. They suggest that if there is no agreement in the near future this should become a higher profile public issue than it currently is to determine what the delay is in respect to this. I think we have 12 generating stations situated on the Great Lakes basin and I believe there are somewhere in the neighbourhood of 20 nuclear reactors along the Great Lakes basin, all using water from the lakes for cooling purposes, hence the concern in that regard. Can I determine what kind of progress is being made in this respect and how much longer can we anticipate before this happens?

Hon. Mr. McCague: The radioactivity objective for the Great Lakes has been accepted by Canada. The province has increased the budget for the Ministry of Labour to allow for increased surveillance requirements in all areas where radioactivity is discharged or sampled by the province and by the feds. It is felt there are no problems except at Serpent River and the Elliot Lake hearing has, in part, addressed this problem.

Mr. Gaunt: The Rio Algom and Denison hearings?

Hon. Mr. McCague: That's right.

Mr. Gaunt: Are you suggesting that at this point the problem is not with Canada or Ontario, it is with the US?

Hon. Mr. McCague: No, I didn't say that. I said we are monitoring it and we won't

believe that there is any problem, except in Serpent Harbour.

Mr. Gaunt: Then I come back to my other question: How long will it be before we have this kind of joint policy with respect to the Great Lakes?

Hon. Mr. McCague: In the Canada-US agreement you mean?

Mr. Gaunt: Yes.

Mr. Mills: It will be contained in the new agreement as part of the renegotiated standard and we have talked about three picocuries per litre for Ontario and 10 federally. The recommended level is one picocurie per litre. Canada has adopted that and I would imagine the Americans will adopt that. They were shooting for a more rigid standard. It will be adopted if and when the renegotiated agreement is signed.

Mr. Gaunt: If and when? I presume it will be. On that point, how long will the negotiations take? Is that an open-ended thing? Can they go on and on for months?

Mr. Mills: I don't get involved in the negotiations. They are ongoing.

Mr. Philip: Not as long as the Dow Chemical negotiations.

Hon. Mr. McCague: I would just like Mr. Gaunt to give us an estimate of how long negotiations take, depending on the subject.

Mr. Haggerty: How long is ongoing?

Hon. Mr. McCague: That is for a long time, ongoing negotiations.

Mr. Gaunt: Is it safe to assume that within the next year we might have some development of a joint policy with respect to radioactivity?

Mr. Mills: I would hope so. We started to look into the parameters that would be incorporated in some of the aspects of the new agreement—this was a year ago February—and it is to the point where we think it can now be discussed internationally. It is a matter of that component of it.

Ms. Bryden: Mr. Chairman, the IJC report, which, of course, since it came out in this morning's paper is very topical, suggested that the new contaminants that are showing up all the time and are being used in industrial processes in particular, are perhaps posing an even greater threat than the existing ones that we have been trying to clean up in the Great Lakes. It mentions specifically that a problem may exist with lead and lead components in the Great Lakes, similar to that experienced with mercury.

We are all very conscious of the mercury problem in our Great Lakes and in the English-Wabigoon River system, and there has been a very comprehensive study of the mercury problem done by the Science Council of Canada which was published in a magazine called Science Forum. I understand that the council paid for this publication. With regard to the mercury problem, it concludes: "There is no technical solution, no monetary solution. The only solution is not to repeat the pollution anywhere."

I think this is why we must be looking at standards of a more definite kind than we have had in the past for our water resources. I'd like to draw your attention to Mr. Justice Patrick Hart's comment on the mercury problem to highlight what has happened when we didn't have standards, when we allowed the mercury situation to be handled by self-regulation for a considerable time and as a result contaminated whole river systems as well as the Great Lakes.

This is what Mr. Justice Patrick Hart says about the mercury problem: "Even with the short exposure that I have had to the problem, I can describe the current situation in one word—intolerable. I saw the despair and fear of the residents of these communities, despair over a situation which is not of their making and over which they have no control; fear for themselves and their children, that the effects of mercury poisoning will one day strike or perhaps has already struck some of them. One sees the despair and fear reflected in violence turned inwards, in assaults, suicides and an attitude of hopelessness. One also cannot but be concerned about the ultimate effects of the situation on the people and their actions if they are not soon given something for which to hope."

This mercury problem, I think, is a case study of what happens when we do not have adequate controls over our water quality and when we follow what is known as the "flexibility policy" of guidelines. The IJC in its report, comparing the regulations in both countries, said: "It appears that both the setting of regulations and their enforcement are more flexible in Canada than in the United States." And then it goes on to suggest that the relative effectiveness of the two countries' programs should be studied to clarify the nature and extent of the problem.

From the mercury example we have seen that flexible regulations don't work, and I think we are heading into similar situations with regard to lead and radioactivity and all the new contaminants that are coming

out, if we do not develop water quality standards that are more definite and that will permit more easy prosecution, that will let people know what the standards are, that will enable citizens to more easily take action against polluters when they think the standards have been violated, that will make polluters take the standards much more seriously. There are all these reasons why one should have mandatory standards.

There's a recent speech from the federal Minister of the Environment, Len Marchand, who says that in the next few years we can expect to spend something like \$3 billion more on new chemicals: "The Canadian chemical industry will spend some 3 billion in the next 10 years on further growth. There will be more new chemicals to be used in every industry. Many will make production more efficient, but many, as we know, will be threats to our water supplies if they get into it."

So I'd like to ask the minister as a first question why this ministry is in favour of mandatory standards for air—and, as a result, we have succeeded in improving our air quality to some extent, and people have been able to bring suits about air matters; but we do not have any mandatory standards for water quality? I understand that, as I mentioned in my lead-off speech, the deputy minister has told the Federation of Ontario Naturalists that as long as he was deputy there would be no mandatory standards, and the minister has confirmed this policy. I'd like to know what the objections are and why the ministry is in favour of mandatory standards for air but not in favour of mandatory standards for water quality.

Hon. Mr. McCague: It is true that we have guidelines for water quality but we do not have standards. My belief is that it's very difficult to set standards for water that would apply across the province. There's a great variation in water quality now, even as it applies to lakes that are natural but which have never had any pollution that we know of; there's a great variation in them. For instance, to set a standard for the Great Lakes would depend on who went out and took the samples. If they got them right at the discharge point of a sewage disposal plant, they would get one reading; if they went out a little farther, they'd get another; and if they went out to the centre, they would get another.

We feel that if you impose minimum standards on water quality that those very quickly become the maximums. I think we have a good record in the improvement of

water quality over the last few years and we don't think it's necessary to have standards in order to improve water quality.

Ms. Bryden: You say there's been an improvement in water quality, and yet the readings for the pulp and paper industry which is probably our greatest polluter show that suspended solids between 1975 and 1977 have increased for seven out of the 31 mills. Actually one mill, the mill at Hawkesbury, increased by 300 per cent in that period; Domtar at Cornwall increased by 100 per cent. Eight out of the 31 mills between 1975 and 1977 increased their BOD loadings—that is the biological oxygen demand readings; and even if they decreased somewhat during those years, very few of the 31 mills are down anywhere close to the 1965 guidelines which the ministry put out for the pulp and paper industry. So under the guidelines we don't appear to be improving the water quality.

As for the mandatory minimums becoming maximums, you can still have guidelines above the mandatory minimums to encourage industry to improve their water quality. In the long run, it really pays them to improve it because they're just postponing future investments if they don't improve it. In that speech by Mr. Len Marchand, the federal Minister of the Environment, he said that "environmental protection is no luxury. We either pay a relatively small price now to prevent damage to our environment or we pay a large price later to repair that damage."

On the matter of readings in different places—that's true; but right now if you go to court against a polluter it becomes a highly technical court case because you don't have any yardstick to measure whether they've polluted; you have to prove that there's been some damage to yourself; whereas if you had a standard, you could prove that they had exceeded the standard and the court would take into account where the readings were taken. The standard is, presumably, based on readings at certain positions, distances from the plant and so on. I really don't think that the reasons you have given us for no standards in the water quality field stand up. I can't see why the same argument could not be applied to standards in the air field; you do have standards there.

Mr. Gaunt: The best in the world, they told us last year.

Ms. Bryden: Yes.

Mr. Chairman: Have you any further questions? I would like to remind the mem-

bers of the committee that we had agreed on five and one half hours for environmental assessment. We have approximately 12 minutes left and we are only on item 2 out of seven items.

Hon. Mr. McCague: Mr. Chairman, I think the specifics of the pulp and paper mills can probably be addressed under industrial abatement in vote 2003. It's true that some of the mills are above the guidelines and, as the member knows, there are orders on many of these mills; we are continually after them to come down to these guidelines and are working in that direction. As the ministry, we just don't feel that there should be standards for water quality; they would be very difficult to set. I accept the fact that there would be a different point of view, as has been explained to us by the people from the Federation of Ontario Naturalists. I met them some two or three weeks ago and our parting comment was that we understood what they wanted and they fully understood what we were doing and why we were doing it, so there are two different opinions on it.

Ms. Bryden: Mr. Chairman, I can't quite follow when you say that we have used up five and one half hours on this vote, 2002. We didn't start it until yesterday.

Mr. Chairman: No, we started it on March 30. We spent two hours on March 30 and we spent two hours and 25 minutes yesterday. By 11:10 this morning we will have spent another hour on it, so we shall have covered five and one half hours.

Ms. Bryden: Well, Mr. Chairman, I wonder if we should consider using the balance of this session to stay on vote 2002 because we still haven't discussed the Environmental Assessment Board and how it operates.

Mr. Gaunt: Just on that point, Mr. Chairman, I think that we started these estimates on Tuesday last.

Mr. Chairman: That's right.

Mr. Gaunt: We didn't sit on Wednesday. We passed the first vote, 2001.

Mr. Chairman: Yes, it took 30 minutes for that. And then we had two hours on vote 2002 on Thursday.

Mr. Gaunt: Well I believe that I had some questions with respect to Experience '78 on Thursday night.

Ms. Bryden: Yes, we both did on Thursday night.

Mr. Chairman: On 2002?

Ms. Bryden: No, on 2001. We spent at least half an hour of Thursday night on 2001.

Mr. Gaunt: Well, we went on to 2002 Thursday night, granted.

Mr. Chairman: On 2001 Mr. Gaunt had 22 minutes and Ms. Bryden had eight minutes.

Ms. Bryden: Okay, that's half an hour.

Mr. Chairman: And then on 2002, we had two hours logged.

Mr. Gaunt: Out of a total of two hours and a half. So we spent half an hour on Experience '78.

Mr. Chairman: Correct.

Mr. Gaunt: Okay, didn't we in the first vote take less time than we had originally slotted for that vote?

Mr. Chairman: That is correct.

Mr. Gaunt: And if so, can we apply it to the—

Mr. Chairman: Well, we have taken up that time because from lead-offs and right up to environmental assessment, we have a total of nine hours and we will have used up nine hours by 11:10 this morning.

Mr. Gaunt: Well, perhaps we can complete this vote this morning, Mr. Chairman.

Ms. Bryden: Agreed.

Mr. Chairman: Thank you, Mr. Gaunt and Ms. Bryden.

Are you through or do you have any further questions to ask of the ministry?

[11:00]

Ms. Bryden: I just wonder whether this is the appropriate vote to bring up the question of dead ducks being found on the Toronto waterfront, their death presumably caused due to water contaminants?

Mr. Chairman: Go ahead.

Ms. Bryden: I would like to draw to the minister's attention that citizens get concerned about a situation like this.

Apparently there were something like 80 dead ducks found at the foot of Leslie Street in Toronto by a young student who reported this situation to Barry MacKay, a wildlife artist. Mr. MacKay came down from Unionville where he lives. He then contacted the Ministry of the Environment after he found these dead ducks and was told that they would call him back. There was no call back.

He then contacted Mike Singleton, the general manager of the Federation of Ontario Naturalists, who contacted the Ministry of the Environment. As a result, the central

region did return Mr. MacKay's call, but he was told that the Ministry of the Environment would become involved if he could prove the cause of death; the ministry would only get involved if death was due to a water contaminant.

He felt that as a citizen he didn't have the means to prove the cause of death, and he stated: "If the Environment ministry doesn't give a damn about ducks, then they should be concerned about a major kill of fowl at the bottom of a city of more than two million people. It could just be an indication that something may be very wrong." But he felt that the attitude of the ministry was: "Don't waste our time."

Anyway, Mr. MacKay is not easily deterred. He called the University of Guelph veterinary hospital and they agreed to test the ducks. They sent a veterinarian over to collect them with Mr. MacKay's help. Dr. Ian Barker of the University of Guelph reported first that the deaths were not due to a virus; second, that the cause of death was not clear; and that third, there was higher than normal lead levels and abnormal amounts of glass in the ducks. So this situation seems to indicate that the ministry is not responding to people who are monitoring what may be happening on the Toronto waterfront.

I understand that there had been a discharge of effluent from the Ashbridge's Bay sewage plant shortly before this happened. Whether there were metals suspended in the effluent that was causing the death of the ducks, we don't know, but there was also a report that 400 ducks died in February near the foot of Spadina in Toronto and that a somewhat rare bird—a gyrfalcon—that was wintering here was found dead in March, so it's not just an isolated incident. There is a possible danger that there are contaminants there that could be either getting into the drinking water in Toronto or affecting the general food chain.

I think this is something which shows that the ministry should respond more to citizens when they report something of this sort. I think the biologist was quoted in the paper as saying that the ministry does not monitor waterfowl mortality, but this, I think, is more than waterfowl mortality.

Hon. Mr. McCague: The information I have is that the ministry was first notified on February 20 of this year and the complaint was relayed through the FON to the pollution control branch.

Ms. Bryden: That may have been the earlier kill at the foot of Spadina. The

Ashbridge's Bay one—the Leslie Street spit one—was much later.

Hon. Mr. McCague: My information is that we were first notified on February 20 that an unusual number of ducks were dying in Ashbridge's Bay. The complaint was related to us by the Federation of Ontario Naturalists to the pollution control branch. It was then passed to central region and one of our people called Barry MacKay. Mr. MacKay repeated his complaint and mentioned that some birds had been collected but he did not know who had taken them.

We said we would investigate to see what had happened to these samples and we would see that Mr. MacKay was informed. Maple district of the Ministry of Natural Resources learned that sample ducks were being brought in to be forwarded to Guelph to determine the cause of death.

The district biologist for MNR agreed to contact Mr. MacKay and inform him of what was being done. To date, the Ontario Veterinary College has not filed a report specifying the cause of death, but on the 11 samples that we know of they found high lead levels in some, internal bleeding and ingested glass, anemia and indications of starvation.

At this point we don't have any solid evidence that it is an environmental problem and we are awaiting a report, because we want to know what was the cause of death.

Ms. Bryden: Can you account for why Mr. MacKay's first phone call was not returned?

Hon. Mr. McCague: No.

Ms. Bryden: When the Federation of Ontario Naturalists got into the picture things seemed to happen.

Hon. Mr. McCague: I can't even be sure whether he called us or Natural Resources. I haven't delved into that problem of why a call was not returned. Probably I should.

Ms. Bryden: You agree that the ordinary citizen really shouldn't be expected to analyze the ducks himself and report whether they died from a contaminant or not?

Mr. Wildman: Maybe the minister should eat them and see what happens to him.

Hon. Mr. McCague: I agree that we should respond to these calls regardless of who they come from.

Mr. Mackenzie: I have a couple of questions. One of them is just a small point I guess, but I noticed the newspaper stories that came out on the IJC report said it was a matter of high priority that there be in-

creases in manpower and in funds to combat the problems and mentioned the significant amounts of increased contaminants in the lakes.

If I read the estimates correctly, \$4,580,000 to \$4,828,000 is about a five per cent increase, I doubt if it is actually keeping up with the inflationary increases, and I am wondering whether we just reject the call for manpower and funds in this particular area or whether we figure that's satisfactory. It doesn't look to me like there is an increase. It looks to me like, in fact, there is probably a decrease.

Hon. Mr. McCague: We did answer this earlier in the day. It is an ongoing program which has funding for monitoring and we are doing a considerable amount of work on analyzing, especially storm drainage, something that has come to our attention more recently. So yes, we are putting an increased emphasis on it. One of the problems is that we also have to have a reciprocal agreement with the people on the other side of the Great Lakes to make the whole thing meaningful.

Mr. Mackenzie: It's just that I wonder about the high priority and whether we are accepting that or not, if we have to wait for their agreement before we increase our activities, or if there is nothing we can do that does increase the effectiveness with the expenditure of dollars.

Hon. Mr. McCague: We are doing testing on a continual basis.

Mr. Mackenzie: We are not upping it at all?

Hon. Mr. McCague: Technically, maybe somebody should answer that.

Mr. Mackenzie: Unless we're getting more value for the same dollar?

Hon. Mr. McCague: It's a good point. Mr. Mills may expand on that.

Mr. Mills: This has to do with the question of combined sewer overflows and that sort of thing?

Mr. Mackenzie: I was looking specifically at water resources and I'm presuming that this is where it would really come under, where they make the comment that it's a matter of high priority that there will be increases in manpower and funds to combat the problem. Yes, they're dealing with overflows.

Mr. Mills: Yes. As was mentioned earlier, we've had a program under way since 1972 looking into the whole area of combined sewer overflows, street surface contaminants

into storm sewers, erosion and sediment control and that sort of thing. We are now in the final stages of formalizing a policy on the control of combined sewer overflows. It's a question of funding. We don't know yet what the economic impact is going to be, but that will be dealt with, and perhaps some recommendations on areas of funding.

Mr. Mackenzie: What is your latest report on the situation at Hamilton Bay? When can we expect you to challenge one of us to another swim in the bay, as one of your predecessors did some time ago?

Hon. Mr. McCague: Mr. Mackenzie, you can challenge me any time but I can't swim, so I won't be taking up your challenge.

Mr. Haggerty: You can walk on that water though.

Hon. Mr. McCague: If you think it's a good way to get a new minister that won't work either.

Mr. Mackenzie: Have you any measurement or any figures which could measure what has happened in the last couple of years in the bay, since the famous or infamous swim?

Hon. Mr. McCague: It's really in the abatement program. However, the steel companies in Hamilton have reduced suspended particulate emissions from 63 million pounds per year to 22 million pounds. The companies are committed to spend a further \$80 million, which should reduce emissions to an estimated 14 million pounds per year.

Mr. Mackenzie: That tells me what the companies say they're doing. What's happening in terms of our testing or measuring the condition of the water?

Hon. Mr. McCague: As you know, we are doing some aeration there. It really comes under industrial abatement. Mr. Mills, can you answer this?

Mr. Mills: Only to the extent of the point you've mentioned. We are doing some artificial aeration of the basin to improve the oxygen level. Again, it is in the experimental stage. The program, performance and improvements have been monitored and, as a first conclusion, induced aeration does indeed improve the water quality. But with respect to specific industrial abatement programs I can't comment.

Mr. Mackenzie: What is the feeling in terms of the possibility of the bay sustaining some fish life?

Mr. Haggerty: There's lots of dead ones in it.

Hon. Mr. McCague: Can anybody answer on the capability of the bay as far as fish life is concerned?

Mr. Mills: Hopefully, some form of sports fishery will be re-established but again I think it will be a long time. It's a very heavily industrialized area and there are a lot of discharges. In the northern area of the harbour there will be some hope for the re-establishment of that type of fishery, but what the prospects are it's very difficult to say. The Ministry of Natural Resources, along with McMaster University, is studying that aspect of the experimental work in the harbour.

[11:15]

Mr. Mackenzie: I was thinking, if we couldn't nail you or maybe get you to designate one of your deputies to do that swim, maybe we could challenge you to a fish fry of fish caught in the bay. Some of my colleagues tell me it is possible to pull in a few fish, so I was just wondering if you'd be willing to be one of the guinea pigs in a fish fry of fish caught in the bay?

Hon. Mr. McCague: If you will I will.

Mr. Lane: So long, Bob.

Mr. Mackenzie: You just don't seem to have the get up and go of your predecessor in accepting challenges in this area. As long as you're willing to accept the challenge to do some swimming or eating fish out of the bay I figure there is a possibility that you might do something about cleaning it up.

Mr. Haggerty: Surely with the presence there of the inland waters research centre you should have some more concrete facts on the quality of water in that bay?

Mr. Mackenzie: And have a little more confidence in what's happening to it.

Mr. Sharpe: Mr. Chairman, we haven't got the information here but we have extensive water quality records for the bay and I will be prepared to answer these questions under another vote. We just don't have the information here this morning.

Mr. Mackenzie: I would like to see the actual figures, if you've got some kind of a measuring yardstick or figures on what's happening in that bay.

Mr. Sharpe: Yes, we have.

Mr. Mackenzie: I have two other questions. I'm not sure if this is the right vote—I'm assuming it is—but there has been concern over the last few years about the suitability of eating smelt. Since we're close, once again, to that famous smelt run, what

is the situation in terms of the smelt they catch by the bucketful down on the beach strip and other areas I know as well, but specifically that area? Does that come under the quality of the water or is that strictly under another ministry?

Hon. Mr. McCague: No, we should have that.

Mr. Mills: That information is available. Of course, the run hasn't taken place this year, but there was information published last year in the form of a public advisory.

Mr. Mackenzie: Will that be happening again this year prior to the run?

Mr. Mills: We can check that.

Mr. Mackenzie: I know there was some concern expressed about it. As for my final question, I understand this was asked in the House so I'll just deal with it very quickly because I wasn't there when the question was asked, Mr. Chairman. I know one of my colleagues asked you about leaching out of the Ottawa Street dump and some of the quality of the water that was coming down into Red Hill Creek. I was just told quickly by my colleague here that that was answered in the House.

Could you tell me whether or not you have checked the quality of the water or any contaminants that are in the water in Red Hill Creek as a result of waste from the Ottawa Street dump?

Hon. Mr. McCague: Yes, we have. I will be reading the answer. The most recent inspection reports, dated November 17 and November 22, 1977, were given to the member for Wentworth (Mr. Deans). You might wish to get a copy of that from him. These investigations have not demonstrated any detectable adverse effects on Red Hill Creek stemming from the disposal of industrial liquid waste at the site.

As you know, there is some degree of pollution in Red Hill Creek. There are a lot of storm runoffs through ground water and through storm sewers. We don't feel there are any adverse effects added to by the Ottawa Street landfill site, but the quality of the water in that stream is not good because of a combination of reasons.

Mr. Mackenzie: You're obviously going to make me do some homework now, but I recall the report that I read a couple of years ago which specifically was blaming some of the substances in the creek from the dump. I'm going to have to dig that up now. I had heard that was the answer and that is why I was asking, but I just

wanted to be sure that your information was that was not a problem.

Hon. Mr. McCague: No.

Mr. Mackenzie: I'm going to have to look up the report now, because it disagrees with you, but I'll have to do some homework on that.

Hon. Mr. McCague: I'd be glad to know if there's something back in history that disagrees with that.

Mr. Mackenzie: This is not too long ago.

Mr. Chairman: All through, Mr. Mackenzie?

Mr. Mackenzie: Yes.

Mr. Wildman: Yesterday I started to raise the question of acid rain and I was told that it's under water resources. I'd like to know what studies you're doing in the province in general, but especially in the north, and what status these studies have and where you're going with them.

Hon. Mr. McCague: You're probably aware that it originates from sulphur dioxide and nitrogen oxide emissions reacting in the atmosphere to form sulphuric and nitric acids. This has been increasingly observed in various parts of the world. The acid rain now observed in Ontario is an extension of the US problems. The extent and severity in Ontario is currently under examination as components of the Sudbury environmental study and the Nanticoke environmental management program are looked at.

A comprehensive study of atmospheric disposition, including dry disposition as well as precipitation, is currently in preparation by the air resources branch. These programs are co-ordinated with that mounted by Environment Canada. A lakeshore capacity study report in October showed fishing lakes in the Muskoka-Haliburton area to be developing acidity. Snow melt may be a period when fisheries are particularly vulnerable. If the threat to recreational lakes materializes, the loss to tourism could be considerable.

Faced with a similar problem, Sweden is neutralizing 500 lakes with lime, and an attempt to develop an acid-resistant fish is under way in New York state. However, Ontario has a greater number of lakes vulnerable to acid precipitation than either Sweden or New York together. For the specifics, maybe Mr. Mills could elaborate.

Mr. Mills: As the minister has stated, we have a program and a study which is part of the lakeshore capacity study undertaken in the Muskoka-Haliburton areas. We did initially determine that the acid rain in that

area could be a problem. We will continue to determine the extent and strength of the acidity, and we will determine, if possible this year, what lakes are likely to be susceptible. They're losing their buffering capacity. The run-off areas to these lakes are very small and they're in the pre-Cambrian shield. There is very, very little buffering material that goes into the lakes with the run-off, and as a result the acidity is not neutralized. So we will be determining, to the extent possible, what lakes are going to be in jeopardy, and in conjunction with MNR determine what lakes and what fisheries might be in jeopardy.

Mr. Wildman: Okay, once you've determined that, what do you intend to do? Because you've got a very important tourism industry that has been, in the past, largely based on fishing and so on, especially in the area of Muskoka and Haliburton. If these lakes deteriorate and the fishery is badly affected, then we face not just an environmental problem but a very serious economic problem. What is the ministry looking at in the future?

Let's say you determine lakes A, B, C are in danger and it's affecting the fishery in those lakes. What do you anticipate doing about it, or can you answer that until you know exactly what you have to look at on an individual basis?

Mr. Mills: It would be a very difficult problem because in some of the lakes that have been buffered, if the rainfall continues to be acidic, it loses its buffering capacity even though artificially buffered. As was mentioned, it is a world-wide phenomenon, and our federal people and our air people have gone on record as saying the greater part of our problem is generated in the United States. So, the controls, if they could be implemented, would be a long time in coming, I would think. As the minister pointed out, Sweden and some of the other Scandinavian countries have undertaken to attempt to buffer some of the lakes there. But there again, I think they are not able to get at the source of the problem and they have to take remedial action and attempt to save some of the fishery.

They have also done experiments in Sweden which show if the near shore area of a lake is buffered in the spring it can protect the fishery. The greatest extent of the problem is in the spawning area and the effect on the eggs; they just do not hatch. They have done experiments which suggest that if you do lime that area, you can have a very abundant fishery in that one lake.

But then again, to what extent you could go into the Muskokas and Haliburtons and do that to every lake, I don't know. This is the sort of thing we will be looking at; at least, until we define the problem.

Mr. Wildman: Since the US is the source of a lot of the problem, what is being done by us or through the federal people to try to get the Americans to do something more about the source of this contamination?

Mr. Mills: I can't answer that. All I can say is that New York state has suffered as a result of what's being done in its own country, and couldn't do anything about it. To our knowledge, steps are not being taken. They have controlled the SO₂ emissions and this sort of thing but the problems continue. Perhaps our air people could answer this—

Mr. Wildman: I raised it under air and I was told to wait until now.

Mr. Mills: No, no. I mean, on the trans-boundary movement, the degree of control of SO₂ in the States as opposed to here and that sort of thing. I was going to suggest that you pursue this aspect under air but, again, it is an international thing, and they haven't been able to deal with it anywhere in the world. The Scandinavian countries don't generate their problem but they are faced with it. There is very little that can be done. I think the momentum is increasing, and more and more, the governments are getting together to look into this problem.

Mr. Wildman: You talked specifically about Muskoka and Haliburton. I had asked about the north and I know people here think of Muskoka and Haliburton as the north but I don't. There are an awful lot of lakes north of what traditionally has been the boundary, the French River. Are you doing any work up there in lakes to determine the effects this phenomenon may have there?

Mr. Mills: Is this in the immediate Sudbury area, to the south-east or south—

Mr. Wildman: Well, the Sudbury area, generally. What are you doing in that area?

Mr. Mills: There has been a very extensive program.

Mr. Wildman: Is this part of the Sudbury study?

Mr. Mills: Yes. I don't know if you are familiar with the details of that.

Mr. Wildman: What about the north-west? Is there any work being done up there to see if there is any problem from American sources coming into the north-west?

Mr. Mills: There is a fellow by the name of Schlinder with the federal government who has been talking with our people, the air people and the water people. They've had an experimental lakes area program up in north-western Ontario for a number of years now. This person wants to get into some joint studies. From what we have learned in the north-western Ontario area that there is not a problem, there is no source of acid rain, and they have tried to acidify some of the lakes up there and they can't do it. So they've got a lot of clay buffering capacity.

[11:30]

Mr. Wildman: Okay, that's good to hear. The other thing I wanted to ask is about Serpent River, which was mentioned earlier, and Serpent Harbour. You mentioned in talking about the IJC that the main area that you are concerned about on this side of the lake was Serpent Harbour. What is the role of the ministry and the federal people in dealing with that problem, since both are involved?

Hon. Mr. McCague: The question is what is the involvement of the province and/or the government of Canada in the studies or the improvements at Serpent Harbour?

Mr. Wildman: Yes.

Mr. Mills: As was mentioned earlier as well, the problems in Serpent Harbour are generated in the Elliot Lake area and as part of the hearing process, and if the mines expand, it is a question of what waste treatment facilities will have to be incorporated. There is possibly some retroactivity where some old sources have to be looked at and controlled. But the problem is only the fact that they are elevated—they average perhaps five, six or seven picocuries per litre in the Serpent River as it enters the harbour. And the biggest fear—in Serpent Harbour, I believe it was—is the water supply system—and the radioactivity in there has been reduced to an acceptable level.

Mr. Wildman: Has the controversy—I suppose you mightn't consider it a controversy—between the federal and provincial authorities as to what the levels should be, been resolved? They had a different figure than the province. Has that problem been dealt with?

Mr. Mills: It is being dealt with. Our level is three; theirs is 10. We are not entirely sure the final result is that much different because there is an analytical technique employed. The samples are all filtered

through a very fine filter prior to being analyzed.

The Ministry of Labour, the people who do the analyses, filter our samples through a 1.2 micron filter. The federals do it through a 3. We screen out more and the resultant may be the fact that three and 10 are very close when you consider the initial product. And they aren't too far different really, in terms of depicting what the concentrations are in the water supply. But that is being resolved and the objective, if it is adopted through the IJC will, as was mentioned earlier, be one—and that will be federal and provincial.

Mr. Wildman: You mentioned the problem of water supply at Serpent River; and the member for Algoma-Manitoulin (Mr. Lane) is involved in this and knows more about it than I do, I suppose. I understand the ministry is now dealing with that problem. Is there some sort of treatment facility being installed at Serpent River?

Mr. Sharpe: Mr. Chairman, I can answer that question. We have installed a treatment facility on the Serpent River water supply which has reduced the level of picocuries to below the acceptable standard and it is in operation now.

Mr. Wildman: Yes. What I am interested in is how that is being paid for. Who is paying for it?

Mr. Sharpe: I think we are. It's a project that we have funded.

Mr. Wildman: That's what I thought. Is it being paid for 100 per cent by the provincial government or is it being shared by the North Shore improvement district or what?

Mr. Sharpe: I don't know whether we can answer that. We will be prepared to answer that under another vote when we get into the construction program.

Mr. Wildman: Okay, that's fine. My concern is this: I would find it rather difficult to understand, if this pollution problem—which is a very serious one—has been caused by the operations of the mines at Elliot Lake, why on earth the taxpayers are paying for cleaning it up. I am wondering why the companies aren't paying for it. And when you do give us the information as to the sharing, whether it's a 100 per cent MOE or whether it's 80 per cent MOE and 20 per cent the North Shore improvement district or whatever, I would be interested in finding out what you expect to recover from the companies in compensation for this very important and necessary project of cleaning up the water supply of the community of Serpent River as a re-

sult of their contamination of the river system.

Mr. Sharpe: Well, we can answer that question under another vote. It's a water quality problem, and we acknowledge that the Serpent River people didn't put this contamination in their supply and yet it's recognized as a sufficient health problem that an emergency situation had to be taken to overcome it; and rather than work out the details of the funding vis-à-vis who was to contribute and who was to pay back—and I was involved with this personally—we went in and funded it; the ministry funded it, and we will be working out the details. No doubt we have worked out the details now but I haven't got them here.

Mr. Wildman: I appreciate that it was an emergency situation and something had to be done, and I am glad that there is something being done. But considering the very profitable arrangements that the mines seem to be working out with another agency of this government, it would seem to me that they could afford to pay for the cleaning up or should pay for the cleaning up of contamination of the community downstream.

Mr. Sharpe: There were a number of companies involved with this contamination other than the two companies you are mentioning.

Mr. Wildman: That's right.

Mr. Sharpe: It is a long-standing problem. Some of these mines, as you know, are not active.

Mr. Wildman: Some of the ponds should be back-filled too; and some of the mines should be.

Mr. Lane: Mr. Chairman, could I ask a supplementary question? I am very interested in this, of course, and was very closely related to the solution that was provided there a year ago. I think that, while Mr. Wildman is right in the long term, there should be some consideration given to collecting from the people responsible if that is possible, I think the thing that this ministry should be congratulated on is going in and solving an emergency situation that existed and purifying the water for those people who were using it.

I am very happy with what happened up there. As to the discussion we had a few moments ago about who paid for it—I think your ministry did in fact pay for it and the only thing that I know of that might now be ongoing is who is going to continue to look after the upkeep of it. But I think we have to look back a little further than when the matter came to a head and the time when we

did something about it. Pollution has been building up there over a period of 20 years; but now we have the Environmental Assessment Board looking at the situation in Elliot Lake and recommending what should and what could happen in order to be free of this type of a situation. I think this is the answer. And thank goodness we have that protection now. But I would just like to point out that this problem came about in the early days of Elliot Lake when nobody really was paying any attention to the environment. All anybody was concerned about was making some money and unfortunately they caused some things to happen that we now have to live with and clear up.

I would like to take this opportunity to congratulate this ministry on moving fairly swiftly on the situation we had up there and for doing a good job in purifying the water those people have to use. If we can collect some of our money back some day, so be it. If we can't, at least we will have resolved something that had to be resolved. It is hoped the Assessment Board will see that we don't get into situations like this in the future.

Mr. Wildman: Just to add to that, I wasn't debating that the ministry had reacted when the thing became obvious, but at the same time, as the member for Algoma-Manitoulin indicated, it has been building up for 20 years.

Item 3 agreed to.

On item 4, pollution control planning:

Mr. Gaunt: On item 4 I have three matters and I will deal with them very quickly. The first one involves the chlorination of drinking water. There has been some evidence, particularly evidence collected by the Environmental Protection Agency in the United States, that the chlorination of drinking water is becoming a danger. Under certain circumstances, if chlorine is added to drinking water as a disinfectant and if it combines with some organic material, such as dead leaves and so on, it produces a group of substances which produce cancer in test animals.

I think we should take a look at it because chlorinating our drinking water here in the province, indeed in the country, is a common practice. I think chlorine is added rather freely in certain circumstances. If there is an odour problem, we just add a little more chlorine. If there is any other kind of problem, we just add a little more chlorine. While chlorine has certain disinfectant properties it doesn't kill viruses. I believe that two hours after chlorine has been added to drinking water the bugs start growing again, so it isn't a disinfectant that lasts a long period

of time. I think we should be looking at other means of disinfecting our water.

What I really want to find out at this point is whether or not the ministry is aware of this problem and whether the ministry intends to come in with drinking water standards—not objectives or guidelines, but standards—with respect to the chlorination of drinking water.

Hon. Mr. McCague: It is true that the use of chlorine has been shown to have produced chlorinated organic compounds, mainly chloroform, in water, from many sources. Since 1974, 60 municipalities have been monitored and a further 55 will be added this year.

Drinking water at a few locations, including Brantford and Belleville, has a chloroform content approaching the 100 parts per billion level, which is likely to be decided upon as the maximum advisable. In the MOE lab pilot-scale studies are being conducted on promising methods of treatment. Possible problems associated with chlorination have led to the investigation of alternative disinfectants. MOE is supporting disinfection studies, including the use of ozone, at Smiths Falls water treatment plant.

Mr. Gaunt: I gather from that, Mr. Minister, you are monitoring 60 already and will monitor another 55 this year; you are looking at other forms of disinfecting. I am wondering in the meantime if you are going to come in with any standard with respect to the application of chlorine to drinking water.

[11:45]

Hon. Mr. McCague: Yes, we are working with the federal government and other provinces to develop a standard. More sensitive techniques are becoming available to evaluate water quality.

Mr. Gaunt: I will move on to the next subject, and that is sewage sludge on farm land. I gather from yesterday's Globe and Mail, hot off the press, that "more than half the sewage sludge spread on Ontario farms is unsuitable for fertilizer according to a paper prepared by the Ontario Environment ministry." That is a quote from the article.

I have here a study which was prepared in September 1976 by the ministry, Assessment of Impact and Implementing the Provisional Guidelines for Sewage Sludge Utilization on Agricultural Lands. At that time it was indicated that some 40 per cent of the sludge presently being applied to agricultural lands was acceptable. To put it another way, 60 per cent was unacceptable, based on the guidelines.

Those guidelines have been reviewed to death. There was an ad hoc committee. There was an interministerial committee studying those guidelines. They have been back and forth and up and down, and we still don't have them implemented. They haven't been adopted officially as yet by the government. I am wondering when that will happen, because I think this is becoming a serious problem. Indeed, it is not only becoming—it is a serious problem.

The ministry has indicated in the report that it is concerned about heavy metals, viruses, bacteria and parasites. As far as heavy metals are concerned, I think a lot of those come from industrial discharges which end up in the sewage sludge. They not only have a detrimental effect on ground and surface water systems, but they have a detrimental effect on the soil crops and they end up in the higher food chains. The surface contamination of vegetation is certainly a very real problem in these circumstances as well.

You have heavy metals—cadmium, chromium, copper, mercury, nickel, lead, zinc, cobalt—all of which are present apparently in municipal sewage. I am wondering when we are going to get those guidelines accepted officially by the government.

Hon. Mr. McCague: I would think within the next couple of months, but maybe Mr. Van Fleet would like to elaborate on the comments you have made, Mr. Gaunt.

Mr. Van Fleet: There are actually guidelines in effect right now. There have been guidelines in effect since 1973; I think Mr. Kerr referred to these in the House a year or so ago. These guidelines that evolved in 1973 were based on site management. The loadings that were allowed on the land were tied in with nitrogen values, that is fertilizer values. Shortly before that time we had recognized that there may in fact be other potential contaminants in the sludge, and major research studies were undertaken in late 1971, and in fact are still under way now.

The reason for the considerable length of time it has taken to modify the earlier guidelines and to bring them up to date has been the need for assessing, over a number of crop periods, the potential uptake of metals and other substances into the crops. These results aren't obtained in one season.

Additionally, there were studies carried out on the pathogens and the survival of pathogens on soil. The earlier guidelines did not really go in any depth into controls for

cattle, which now are covered in some detail in the new guidelines.

As for the reasons for delaying in finalizing the changed guidelines, as we now have them; first of all, it was our advice from Agriculture and Food and from Health that the studies that had been carried out hadn't in fact indicated that there was an emergency situation with regard to the present practices.

Second, it was necessary to ensure that the guidelines could be implemented in a way and in a manner and with such timing the municipalities could handle the costs involved. The only alternatives to utilization on farm land are disposal through incineration or in landfill sites. We certainly wanted to ensure that they could move in those directions in a reasonably short period of time and that, in fact, some of the conditions that were placed into the guidelines that might have been somewhat restrictive and that might have been arbitrarily assigned were modified.

I'm speaking of areas like the number of months between putting the sludge on the land and the pasturing of cattle. It's an area that has been studied to some degree but not so thoroughly that we could place a definitive time of two months, or one month or three months, and so we chose six months. When we tested this against the actual farmers' practice, we found that the six months would create some difficulty for him. We went back to the University of Guelph and were able to determine from them that we could cut that period back down to some two months, whereas with swine and sheep which graze very close to the soil and have a potential for picking up pathogens, the period for them would have to remain at six months.

So there were some details of the guidelines that required us to undertake some additional work over the past year before bringing them in. They're now finalized and the only thing that is being changed on them now is that we're metricating them—changing them over to the metric units—and I expect that that will be done by the end of this week.

Mr. Gaunt: All right. I'll just say, Mr. Chairman, that I hope the guidelines are sufficiently in place to prevent the kind of situation which has happened in the United States where a derivative of PCBs—I believe it's PBB—has been found in milk being consumed by humans. I think it's come from this source or a similar source and I just don't want to see us get into that kind of thing here.

I think the Ministry of Health's report making certain recommendations in this regard is a reasonable one. With respect to the crops for human consumption, I think those are valid recommendations. With respect to cattle and horses and so on—and sheep, which as you mentioned are close grazers, it would make sense in the case of the latter to put a six-month stipulation on it. For cattle or horses I can see where two months would be an appropriate time. But I just say to the ministry, let's not dally any longer and then be faced with a situation where we've got a crisis before we get the revised guidelines into place.

I would strongly urge the ministry to go forward as quickly as possible with these particular guidelines.

Just one related matter, and it's related in this way, Mr. Chairman. It's the Beare Road landfill site problem. We're talking about heavy metals and the utilization of sewage sludge on agricultural land. We have at the Beare Road landfill site a case where I believe—what?—six or seven companies are dumping heavy industrial waste. It's causing all kinds of problems in terms of odour, in terms of a high water table which is moving the material up.

The ministry has asked Metro Toronto for a further extension. I believe this is the third extension that the ministry has asked for in this respect. The latest request is to move the deadline for the dumping of this material from April 30 this year to December 31 of this year.

I'm wondering how that matter sits because I was of the understanding that the latest recommendation in respect of this problem had to do with moving some of this material into the normal sewage treatment facilities. I'm wondering if we're going to do that with this kind of heavy industrial material, obviously containing a lot of heavy metals, are we going to end up with the problems we've been talking about in the sewage sludge? One solves one problem and then it bursts out somewhere else.

I know that Metro Toronto has undertaken some research studies of its own in respect of how best it can cope with this particular problem. Those studies, I believe, are ongoing at the moment. But I'm wondering what, if anything, has happened over and above what I've mentioned in respect of this matter?

Hon. Mr. McCague: I think we should clear up this fact. I believe on January 5 Mr. Sharpe wrote to Metro Toronto asking for an extension to the end of this year. An extension was granted to the end of April

and there has not been a further request.

Mr. Gaunt: There have been discussions.

Hon. Mr. McCague: There have been discussions, but there have not been discussions involving the extension. The matter was brought up.

Ms. Bryden asked about a meeting that was held to discuss the extension. The meeting was to discuss what we might do about the problem, rather than the extension.

There's some disagreement, let's say, as to whose responsibility the disposal of liquid waste is. I think it's fair to say that Metro feels it's the province of Ontario's responsibility, and we both agree that it's the generators' responsibility.

Mr. Haggerty: That's where it should lie.

Hon. Mr. McCague: But Metro feels it's more on our shoulders than we would like to accept.

We have formed a task force of three people from our ministry and probably a like number from Metro who are looking at the matter daily, or full-time, for some solution. I think one of the things they are looking at is solidification.

There are odour problems at the Beare Road landfill site. I think it would be normal for anybody to assume that those odours are coming from the liquid industrial wastes, but we don't feel that they are. The leachate is being collected and is being hauled away and it is going into sanitary sewers, and therefore through their plants. There is some burning of the gases and there may be some odour from the burning of the gases.

Mr. Gaunt: So you're saying that there may be some odour emanating from that landfill site but that's not all of the odour problem. Then where is the remaining problem? Has the ministry identified where that's coming from then?

Hon. Mr. McCague: From the other elements in the landfill site, mainly garbage.

Mr. Gaunt: Oh, the odour problem per se is coming from the landfill site.

Hon. Mr. McCague: Oh, yes.

Mr. Gaunt: It's just a question of whether it's coming from the garbage or whether it's coming from the liquid waste.

Hon. Mr. McCague: Correct.

Mr. Gaunt: I see. I suppose that your task force will be making recommendations in this respect, but does the ministry anticipate closing that landfill site within the next year? I suppose that's the appropriate question.

[12:00]

Hon. Mr. McCague: I am not sure whether we have said to Metro they should close it. Can anybody tell me that?

Mr. E. W. Turner: Turner, pollution control branch. I believe the landfill site is essentially filled to capacity and Metro itself wishes to close it for all forms of waste, liquid and solids, during 1978.

Mr. Gaunt: During this year?

Mr. E. W. Turner: Yes.

Mr. Gaunt: I see. Are they inclined to close it fairly soon, Mr. Turner, or are they prepared to go to the end of the year?

Mr. E. W. Turner: With respect to liquids or—

Mr. Gaunt: With respect to liquids first and then with respect to garbage.

Mr. E. W. Turner: As things stand now the council has recommended that there be no further dumping of liquids into the landfill site beyond April 30, 1978; and it's my understanding that the landfill site per se will be closed at the end of this year.

Mr. Gaunt: For garbage?

Mr. E. W. Turner: Yes. But I wouldn't want to be held to that specifically.

Mr. Gaunt: All right, then as of April 30 there will be no more liquid industrial waste dumped in there if Metro has its way—if its recommendation is followed through. What provisions does the ministry have to cope with this liquid industrial waste that previously has been going to the Beare Road landfill site and which will now have to be disposed of by some other means or method?

Mr. E. W. Turner: The ministry has to report back to the works committee under Metro council towards the end of April. At that time the committee will expect the ministry to identify any progress that has been made since the prior meeting, which was at the end of November. It was the letter from Mr. Sharpe in January that confirmed the ministry's position at that meeting—the November 30 meeting I think it was.

The task force that has been established has been looking into the problem of Beare Road and to date it has looked at the generators who are the major users of Beare Road. It has discussed the problem with those users and asked them whether there in fact will be any alternative solutions open to them other than Beare Road. Initially they have been able to identify that a substantial amount of the waste going into Beare Road, according to those who are generating it, can be handled by other means. Now the problem is they have not identified the other means at this point in time.

Mr. Gaunt: That's what worries me. I hope the other means isn't dumping it down some storm sewers.

Mr. E. W. Turner: If I may continue, Mr. Gaunt, they have also been talking to the people in the disposal industry, and one company in particular, Tricil, has indicated that it believes it can handle most of the wastes presently going into Beare Road. Its method for handling them will be to incinerate some of them, take some of them down to its landfill site in Sarnia where the wastes will undergo some sort of treatment. Those that it cannot handle that way, it will export to the United States.

Mr. Gaunt: But Tricil is one of the dischargers in the Beare Road landfill site.

Mr. E. W. Turner: That's correct, yes.

Mr. Gaunt: And the deep well disposal in Sarnia has not been approved as yet.

Mr. E. W. Turner: There are no deep disposing wells operating in the province at the moment accepting liquid industrial wastes.

Mr. Gaunt: I see, so the Sarnia location has been approved then?

Mr. E. W. Turner: Tricil operates an incinerator and an industrial landfill site in the Sarnia area, in Moore township. They propose to take liquids there and subject them to a minimum amount of chemical treatment to remove some of the toxic components. What they cannot handle in that way and put through the incinerator, they propose to export to the United States, where they have disposal outlets for them.

Mr. Gaunt: I see. I have taken enough time; I would really like to pursue this but I can't. We are running out of time and I have to go. There's only one other question I would like to ask the minister, with respect to sewage sludge on land. Has the ministry received a complaint with respect to the application of sewage sludge on a sod farm, I believe, in Tosoronto township? The complaint revolved around the fact that this sludge apparently was ending up in the Boyne River. I am wondering if the ministry has received a complaint in that regard, and if so what's been done.

Hon. Mr. McCague: It's odd, Mr. Gaunt, that the only complaint you have track of happens to be in my own riding.

Mr. Gaunt: Oh, really? Is that in your riding?

Hon. Mr. McCague: I am sure you would never have realized that.

The answer as far as I am personally concerned is no, I have not received notific-

cation of that. I can tell you, though, that I have received complaints of the spreading of sewage sludge in one of the other townships, that is closer to Barrie, and one where a gentleman had been spreading sewage sludge on several farms for several years.

Really, the problem arose when he attempted to establish a lagoon for drying industrial wastes. This brought the whole matter to the attention of the nearby residents and he is having some extreme difficulties in disposing of any sewage sludge. The particular matter that you are referring to, I don't know about. I think at one point I owned all the sod farms that were in Tossoronto township, and it may well be the person who purchased those from me is the who is being accused of doing this.

Mr. Gaunt: I think this was Gethons sewage disposal that—

Hon. Mr. McCague: That's the same one as in the Barrie area. He is in the business of disposing of sewage sludge; and in some cases industrial waste containing supposedly heavy metals.

Mr. Gaunt: Would the ministry take a look at that to see if there is a problem? I will just leave it at that.

Mr. Chairman: Thank you, Mr. Gaunt. Ms. Bryden.

Ms. Bryden: Thank you, Mr. Chairman. I would like to follow up on the Beare Road situation. I understand the natives pronounce it "beer" and other people call it "bear". I think the Beare Road is a case in point of what's happening about pollution control planning, which is the title of this vote.

Metro Toronto, in February, 1974, applied for a certificate to continue the operation of the Beare Road landfill site and said that it envisaged the life of the site to be 2½ years which would bring it to July, 1976. So the ministry has been on notice since 1974 that this landfill site was to be phased out. It has really done very little in that period to solve this very serious problem of what to do with liquid industrial waste, and it's becoming a larger and larger problem.

The longer we say it's Metro's responsibility and Metro says it's a provincial responsibility, the less likely is something to happen. Yet if it is not looked after, as the previous speaker said it may be dumped into sewage systems, or even into ravines, and it's something that can affect the whole environment of this province. It can have serious health effects because we don't know what's in it.

I think since 1974 the ministry doesn't appear to have been really working on how

to solve this problem. I'd like to know what date the task force was set up and whether it was set up as a result of this meeting with Metro in 1978, or had it been working earlier in trying to find alternatives for Beare Road.

The suggestion that Tricil might be able to handle it seems rather surprising in view of the fact that Tricil has been sending great quantities to Beare Road of things that can't burn. Where are those materials going to go if Beare Road is closed? I have a six-month report on what's been going into Beare Road, and Tricil has been sending 50,000 to 100,000 gallons of material to Beare Road, including things like oily water, which might have PCBs in it, as well as acids, aliphatic solvents, alkalis, hydrocarbons and so on. Where is Tricil going to put that material? It's one of the largest contributors to Beare Road.

Mr. Gaunt said he thought there were about half a dozen companies dumping in Beare Road. But, according to the report, there are 40 to 60 companies dumping each month. And while the trucks are required to report what they're bringing in, I'd like to know whether there is any spot-checking done as to what they are actually bringing in so that we know what is going into that landfill and what is coming out in the leachate. I'd also like to know whether the leachate has been analysed to show whether it contains chemicals that may not be removed by the sewage plant operation and may then get into the effluent that goes into our watercourses.

I think the whole Beare Road situation is an indication of where the ministry is not planning how to deal with liquid industrial wastes, nor has it been looking at the possible health hazards to the people in the community. I think the methane gas was one of the gases coming out that was recognized, but it's only in the last few months, I understand, that they took samples to see whether there were other gases there. I haven't heard whether the other gases have any health problem connected with them; I think the citizens would be very interested to know. In fact, I think we should do a health study of that area to see if their health has been affected by the gases that are coming out from this landfill site.

The main thing is we should be planning how to close it down immediately or by that April 30 deadline. But in order to do that we've got to have some real crash action on finding alternative sites and alternative places to put this material and a long-term program for dealing with the whole question of the growing liquid industrial waste. I wonder if the minister could answer some of those questions.

Hon. Mr. McCague: I would have to take strong objection to your statement that the ministry is not doing anything about it. The ministry has been trying over a period of several years to assist the industry and municipalities in the solution of these problems.

As far as the full-time working task force is concerned, that was set up the day after my meeting with various people from Metro who asked that we offer assistance and without delay; and, as I say, it was set up the day following that meeting.

We have been looking at many different ways of treating these wastes and, no matter what the treatment might be or where the treatment might be, there is local objection to it. Even though this ministry might feel it's a safe method, these matters very quickly come to public attention; mainly, I think, through opposition parties. I would hope that we might reverse that kind of thing and that we might all work together in trying to solve what is a very urgent problem for the people of this area.

[12:15]

It's not a political problem; it's a very urgent problem. I think if you would agree that we all work together on it, and on a problem-solving basis, rather than a political basis we might get further with it. I have said, and I think it is true, the same rules apply to liquid industrial wastes as apply to nuclear wastes. I have letters from members of Parliament in all areas of the province saying: "Yes, you have to do something about it, but for God's sake don't put it in my area." We all have to work on solutions for this.

Mr. Turner can elaborate on what has been done in the past. I know that solidification is one of the very promising things that seems to be before us now. There are, as I understand, some patent problems on that process right at the present time. But I would just ask you and the Liberal Party all to assist in solving this very urgent problem that we have in this province.

Ms. Bryden: Do you think we will be able to come with any solution by April 30 if the task force was just appointed at the end of March?

Hon. Mr. McCague: It is not as if the city and the province started working on a task force for the very first time. What the city has been doing and what we have been doing have been known to each other. It was felt that the best solution was to have half a dozen people sit down and really work at the matter. I think both groups, the people from our ministry and the people from the city,

have some ideas in mind and I am hopeful they will be able to come up with a solution. One thing they have been successful in doing is alerting industry to the problem that it could well be their problem, but we are all willing to try to help solve it. Mr. Turner might wish to elaborate.

Mr. E. W. Turner: Not really, other than to say Ms. Bryden had a question with respect to Tricil. The only reason Tricil uses Beare Road is it is cheaper to use Beare Road than to use other methods of disposal. If Beare Road is closed to them, they will just resort to alternatives.

Ms. Bryden: If this material is probably not burnable, where will they dispose of the material?

Mr. E. W. Turner: As I indicated previously, they claim they can handle it either through processing down in the Sarnia area or exporting it to outlets they have in the United States.

Ms. Bryden: This means a lot of carrying substances on the roads, which may or may not be hazardous. Are you monitoring what is going in to Beare Road right now, checking what the truck drivers put on their reports as to what they have?

Mr. E. W. Turner: I would have to say in a very minor way, yes.

Ms. Bryden: Have you found any materials that might cause concern, such as oil with PCBs in it?

Mr. E. W. Turner: Not to my knowledge.

Ms. Bryden: Have you got a report on the samples of gas that were taken from the Beare Road site recently—this was announced at a public meeting held a month or so ago—as to whether any of them look like hazardous or toxic gases? I think it was the central region of the Ministry of the Environment that took the samples.

Mr. E. W. Turner: It was the central region. I have not heard the results of that sampling yet, I'm afraid.

Ms. Bryden: It was over a month ago.

Hon. Mr. McCague: We will get you the results of those.

Mr. G. I. Miller: The minister made some interesting comments in regard to politics in dealing with the industrial waste problem. If the Beare Road site is not suitable are there any other alternatives being utilized in the Toronto area to take care of the waste here and can it be done, in their opinion, locally rather than transporting it into a new area and just bringing the pollution and the risk factor back there?

Hon. Mr. McCague: You wouldn't expect any other answer than yes, would you?

Mr. G. I. Miller: There is another alternative? What really are the ways of taking care of it within the area itself?

Hon. Mr. McCague: There are certain things that would probably have to go to Tricil in Sarnia.

Mr. G. I. Miller: I am suggesting recycling it in the Toronto area itself, without putting it on the road and transporting it. That's at least 200 miles from Toronto.

Hon. Mr. McCague: We get very varied opinions. Another member of your party has suggested that one facility in the province would be sufficient.

Mr. G. I. Miller: I heard those comments, yes.

Hon. Mr. McCague: I don't personally have the technical expertise to tell you that, yes, they could all be dealt with in one particular area any more than they could all be dealt with in Nanticoke, for instance. All the waste that would be generated within Haldimand-Norfolk at this time probably could not be handled on any particular site in Nanticoke.

Mr. G. I. Miller: I would agree with that. I'm not shirking that responsibility that that shouldn't be dealt with at that particular area, perhaps within the industrial complex itself, not outside. We are expanding it and we are locating a facility within an urban municipality. I know it indicates that it's desolate land, but the little village of Nanticoke is located within a mile and a half of that particular site and the water intake is designed to take care of a much broader area than the local area and it is going to enter into a stream of water which comes within a half mile of that area. It just doesn't make sense to me, Mr. Minister, to transport all of Ontario's waste to that area and perhaps run the risk of polluting a lake that is providing a good fishing industry. I think the risk is too great and I think we should be dealing with it at the source. I wonder what your thoughts are on this.

Hon. Mr. McCague: That point was made to me by one of your regional councillors at ACRO the other day. Slightly contrary to what I think you were saying the other day, he was saying, "We are quite prepared to look after the wastes generated in our region within the region." I hope that is the general feeling, but as a result of your petition. I doubt very much if that is the general feeling. Hamilton-Wentworth representatives also said they are quite happy to look after the industrial wastes generated within the region. It would be fine if everybody could do that.

I am not sure what the ultimate solution is to it.

Mr. Newman's idea of one large incineration facility may be the proper one in the end, but then there is the matter of transportation.

Mr. G. I. Miller: The problem really isn't at Nanticoke at the present time, because they aren't generating all that much. It's just coming on stream. Toronto is the area that is the problem. Do you not think that you should be dealing with the problem—

Hon. Mr. McCague: We are.

Mr. G. I. Miller: —without taking it to a new area? The Lake Ontario fishing industry has gone downhill. I am not pointing my finger at you as a new minister, or the ministry generally, because it was only in 1971 that this ministry was established to deal with this problem. The fact still remains that the fishing in Lake Ontario has been ruined. If you met with the fisheries people, as I had the opportunity of doing in the past month, you would see there is a real concern. They feel that is another problem and you should be dealing with it and cleaning it up. I don't think you, as the Minister of the Environment, can take the responsibility for and the risk of spoiling an existing fishing industry, and I think that's what we are talking about. It's not politics, as you have indicated. It's a question of whether or not we are going to take that risk. And if I was in your position, I certainly wouldn't want to take that risk.

Hon. Mr. McCague: I don't make any apologies for the statements I made in answering the hon. member. However, this ministry will not take risks, based on the best technical expertise we have at the present time. There is no way this ministry would knowingly dump industrial wastes in an area that we felt was affecting the fish life of the province. What we are trying to come up with is what we consider to be a safe method of disposal.

Mr. G. I. Miller: What alternatives for dealing with the problem have been suggested by my colleague here in the Toronto area? How do you plan on dealing with that?

Hon. Mr. McCague: There is a burning of them at Tricil. There is a burning, on which there will be a hearing, at St. Lawrence Cement. And there is the method of solidification, which we are quite convinced is a good process.

Mr. G. I. Miller: Can it be dealt with at the source then?

Hon. Mr. McCague: Oh, yes. It comes out as an inert material. It's been carried on now at the Ottawa Street landfill site in Hamilton. The inert material is being used as landfill. And we are doing some studies to be sure it does remain inert.

Mr. G. I. Miller: Is this the direction you are going as a ministry?

Hon. Mr. McCague: That's right. The technology is being developed as to what materials can't be solidified. They are progressing on a monthly basis on that.

Mr. G. I. Miller: Then there is really no immediate need for the Nanticoke waste site at the present time?

Hon. Mr. McCague: All wastes cannot be treated at this time. It's a matter of developing the technology, which is being done at this point by private industry and being researched by us as to results.

Mr. G. I. Miller: Will this give enough time to come up with some other solutions as far as the proposal in the city of Nanticoke is concerned?

Hon. Mr. McCague: It would be a great thing if we could. But I can't give you that commitment that within two years they will have developed a method of solidifying all liquid industrial wastes.

Mr. G. I. Miller: I say again, Mr. Minister, it is in your hands what really happens as far as the future is concerned. It is not an easy position to be in; I can sympathize with you. But, as the petition indicated—and you indicated it's been politically motivated; I'll assure you it wasn't politically motivated—the people are just expressing a fear. I think you, as the minister, have to be aware of that and assess it.

Maybe I'm getting back to the question I was going to ask last night in connection with the cost of these hearings, the public out of their own pockets have paid out perhaps \$30,000 or \$40,000. I don't know if I am getting out of order in this discussion,

Mr. Chairman, but I want to make it clear that the public have taken that money out of their pockets in order to protect the environment of Ontario. I think that is not only their function but it is your function to represent both sides. I know it could be a costly venture, but maybe some funding should be made available, because it is the first hearing of that type and I think there should be some consideration for remuneration to the people.

They shouldn't be forced to accept the total cost of protecting not only their area but assisting the ministry too.

Hon. Mr. McCague: What I was really asking for was that the matter of the disposal of liquid industrial wastes not become a political matter but that we all work together towards the solution of it.

Mr. G. I. Miller: I'll assure you, sir, as one member of the Liberal caucus, that that is the direction I would like to go. I have indicated that ever since I have been in the Legislature.

Hon. Mr. McCague: Good for you.

Item 4 agreed to.

On item 5, environmental approvals and land use:

Mr. Chairman: Shall item 5 carry?

Ms. Bryden: No.

Mr. Chairman: We agreed to clean this up by 12:30.

Ms. Bryden: I think, though, Mr. Chairman, we perhaps should have a discussion informally before we meet again as to whether we want to take one hour of the next session on these votes. But I would rather not carry this one yet.

Mr. Chairman: Very well. We shall adjourn then until tomorrow night at 8 o'clock and we shall resume discussion on vote 2002, item 5.

The committee adjourned at 12:30 p.m.

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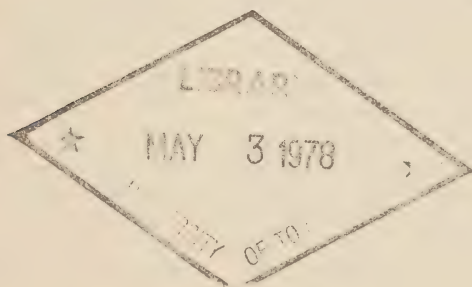
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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee

Estimates, Ministry of the Environment



Second Session, 31st Parliament

Thursday, April 6, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, APRIL 6, 1978

The committee met at 8:10 p.m.

ESTIMATES, MINISTRY OF THE ENVIRONMENT (continued)

On vote 2002, environmental assessment and planning program; item 4, pollution control planning.

Mr. Acting Chairman: I think we can get the meeting started. Murray—Mr. Gaunt.

Mr. Gaunt: You were right the first time. I just wanted a question under item 4. Ms. Bryden and myself have an agreement to finish this entire vote within the next hour.

Would the ministry officials be good enough to check into a matter in Wingham related to Western Foundry? I have had a number of complaints from people living in that area who say that emissions from that plant are causing all kinds of damage to their automobiles and their homes; they are quite concerned about it. Your regional people in London were up and the comment was made to one of the complainants that while the ministry would check it out, they suggested that the complainants not hold their breath as to a resolution of the problem.

I am just wondering if your ministry would check that matter out to see if there has been any progress made with respect to resolving the problem. I think it can be resolved. It is just a matter of a few adjustments within the plant. I would hope that can be checked out quickly and a report got back to me.

Hon. Mr. McCague: I will be glad to do that and report to you by letter. Will that be satisfactory?

Mr. Gaunt: Yes, it would be.

Mr. Makarchuk: One item under pollution control. I have been led to believe that the ministry has given approval to the establishment of a lagoon sewage system in Brantford township. Is this correct? The area is Cainsville, in Brantford township. Do you know anything about that?

[8:15]

Hon. Mr. McCague: I think that comes under another vote, but—

Mr. Makarchuk: It's municipal and private waste planning.

Hon. Mr. McCague: It's not planning. Is there somebody here who could answer that? Colin?

Mr. Macfarlane: It's not approved to my knowledge, Mr. Makarchuk.

Mr. Makarchuk: Are you planning to install a system, because there is a sewage treatment plant in Brantford, of course? The whole argument breaks down into terms of township and city jurisdictions, responsibilities and so on. But it seems to me that you're being rather archaic, if you're contemplating sticking a lagoon treatment plant in the outskirts of a city. They have their problems—from smells, from people falling into them, from animals getting into the things. It's a populated area and if you're contemplating this thing, I'd like to know about it.

Mr. Macfarlane: Certainly not to our knowledge, Mr. Chairman. We'll certainly look into it, but it's a new one on me.

Mr. Makarchuk: You absolutely have no knowledge about this whatsoever?

Mr. Macfarlane: I have none, no.

Mr. Makarchuk: And you don't know that somebody's planning to do this anywhere within your department, to provide a treatment facility for a proposed subdivision or something of that nature in that area?

Mr. Macfarlane: Not to my knowledge, but we'll certainly look into it and ensure one way or the other—

Mr. Makarchuk: Okay, fine. That's all I have.

Mr. Acting Chairman: Mr. Newman, did you have some comment to make on item 4?

Mr. B. Newman: I wanted to ask the minister, what plants in the city of Windsor are under program approval or program orders to clean up pollution? I can recall we discussed the Ford Motor Company in years gone by. They were set on a specific program, a time within which they were to have cleaned up all of the pollutants emanating essentially from the Ford foundry.

Hon. Mr. McCague: Mr. Newman, we're having a bit of a problem sticking with the votes. That's industrial abatement.

Mr. B. Newman: I think I'm sticking with it when I look at your blue book here, Mr. Minister.

Hon. Mr. McCague: Does that say "projects"?

Mr. B. Newman: It comes along with municipal and waste assessment, industrial waste assessment, the training of plant operators, environmental appeal, noise control, pesticides control, water supply. I would think it would come under it. If it doesn't, I'll—

Hon. Mr. McCague: It's under industrial abatement, but Mr. McTavish is here and we'll attempt to answer it for you. Mr. McTavish, can you take a mike, please?

Mr. McTavish: The Ford Motor Company has embarked on a major program to reduce the two cupola emissions to levels which will be in compliance with our regulations and we feel that this will be completed on the first cupola by August 1978 and on the second one by August 1979.

Mr. B. Newman: Are those final orders to them?

Mr. McTavish: No, they're not. The company has been co-operating with us and they've been progressing quite well and we haven't got an order on them, per se.

Mr. B. Newman: You don't have an order on them at all?

Mr. McTavish: Not per se, no.

Mr. B. Newman: No. Why wouldn't you issue an order on them?

Mr. McTavish: Basically because of the improvement that they've been achieving for us. We haven't really had to.

Mr. B. Newman: You know, an order was issued back in 1970.

Mr. McTavish: Yes.

Mr. B. Newman: Surely from 1970 to now they could have made more substantial improvements than they have. Have your officials gone by the plant at all since the notice?

Mr. McTavish: Yes.

Mr. B. Newman: At one time I kept a diary as to every time I passed by there and saw pollutants emanating from the foundry. After a while it became too voluminous, so I gave up on that. Occasionally I used to call your officials back in the city of Windsor on it, but I gave up on that too because nothing seems to happen.

I think the Ford Motor Company is trying to do something about the particulate matter being cast around the area, but I don't think they're working quite as fast as they could have been working. Maybe they've speeded up the process now, but it still leaves much to be desired. I would like your officials to encourage the company to work a little faster, a little harder.

Mr. McTavish: We have been working with Ford. Our estimates over last year were that there was a 55 per cent reduction in the particulate emissions from the company. But no, we're quite pleased to keep our officials working with that company.

Mr. B. Newman: You're content with the progress that is being made in the area now?

Mr. McTavish: Yes, we are.

Mr. B. Newman: And by what year AD do you expect it to be completed?

Mr. McTavish: We think they'll be virtually completed when they have both these cupolas covered, which will be in August 1979.

Mr. B. Newman: I certainly hope for the sake of the people who live in the area that it's such. I would have preferred to have seen it done or had it done yesterday, but I can understand that too. I think Ford have been dragging their heels a bit in their attempt to overcome that particular problem because it's a long-standing problem, which we would like to see cleared up.

Do you have anything to report about the pollutants emanating in the vicinity of E. C. Row and Howard Avenue by the Ivy Rose Motel? I think you have set up monitors in the area. There is the pelletizing plant that is directly to the west of the Ivy Rose Motel. I did bring that to the attention of your officials in the city of Windsor several times, as did the owner of that motel and also of the motel directly to the north of the Ivy Rose Motel.

It has been a cause of quite a few problems to the motel people as well as to tourists who come into the area who may stay at the motel one night. They prefer to go to some other motel rather than frequent the two or three motels that are in the area because of the pollutants emanating from the pelletizing plant directly to the west of the several motels I've mentioned. The neighbours in the area have also registered quite strong objections. How far has that progressed?

Mr. McTavish: I was looking to see if I had any data on it for you, but I don't think

I have any data on the Ivy Rose Motel for you.

Mr. B. Newman: It may be under another name. The name of the fellow slips my mind.

Mr. McTavish: The name of the company?

Mr. B. Newman: The name of the motel operator, the one who owns the two motels in the area. The third motel is owned by a former provincial policeman.

Hon. Mr. McCague: Maybe, Mr. Newman, we could get you that answer in writing, if that would be acceptable.

Mr. B. Newman: I would accept that, if you will provide that to me.

Item 4 agreed to.

Mr. Gaunt: Mr. Chairman, may I make a suggestion that we deal with items 5 and 6 together? They overlap, and it would be a normal joining of subject matter if we were to do that.

Agreed.

On item 5, environmental approvals and land use, and item 6, Environmental Assessment Board:

Mr. Gaunt: Time is always limited, it seems, in these estimates. I will wrap up my concerns very briefly. We don't have much time.

Under the Environmental Assessment Board, I do want to make some observations. I think last year we talked about this and the fact that the Act was extended to the private sector in January 1977, but it was extended only on the basis that the private sector operation is brought in by designation, which is done by regulation.

The minister indicated last year that he anticipated the private section to be in, as he said, next year, which is 1978. Here we are, and I'm wondering what progress the ministry is making in that respect.

I believe Reed and the Hydro facility at Inco are the only two private matters coming under the Environmental Assessment Board so far. I'm wondering what kind of progress we're making in that respect. I presume the ministry is heading, albeit perhaps slowly, towards full environmental assessment.

Hon. Mr. McCague: I think there are three projects: Reed, Onakawana and Inco.

Mr. Gaunt: So there are three. My question basically is when will the Act be extended to the private sector? The minister last year said it would be this year. Are we on target?

Hon. Mr. McCague: I'm not sure what the target is. First comes the municipal and

then the private. We're working now on the municipal and I wouldn't presume that the private would come on stream until at least the next fiscal year.

Mr. Gaunt: So you anticipate that the municipal will be this year?

Hon. Mr. McCague: I anticipate that.

Mr. Gaunt: There are some municipal projects, are there not, that have come under the Act already?

Hon. Mr. McCague: Not that I'm aware of. If there is any difference in that, I would be glad to let you know.

Mr. Gaunt: Okay. The other matter I was concerned about is that Ms. Bryden mentioned this last year in her comments with respect to the hearing board—that is, that we should require environmental hearings on certificates of approval, particularly for handling and disposing of hazardous substances. I certainly agree with that and support that.

The one thing that concerns me is that in other areas—for instance, in drugs—we have some mechanisms in place at the government level whereby we can make some decisions with respect to their safety. A new drug is not allowed for use in Canada unless it receives approval of compliance from the Food and Drug administration in Ottawa.

A new pesticide is not given approval here in Canada or in Ontario for use unless it is approved and its safety within certain limits and guidelines has been approved and the safety of its use assured—to an extent at least. But with chemicals, that doesn't apply. We have really no safety mechanism by which we can assure ourselves that the chemicals are relatively safe before they are approved for use. It seems to me that with all the discussion we have had so far with respect to hazardous substances and heavy metals and chemicals, this is an area about which we know very little in terms of the effects of some of these substances on our health and what they can do to our wildlife and our vegetation. It seems to me that one of the safeguards that we could undertake would be to require these kinds of hearings with respect to certificates of approval for handling and disposing of these substances. I would like to hear what the minister has to say in that respect.

Hon. Mr. McCague: If they are hazardous, they would not be licensed. I think one of the problems we have had is that we have licensed some things that have turned out to be hazardous. That has happened not only in hazardous substances but it has also happened in pesticides. It is a very difficult

area and I would be very pleased to take your comments as advice to the government and to look into the matter.

Mr. Gaunt: I recognize full well that there can be a time lag between the research and the actual application or at least the usage of these chemicals and substances. Research is an ongoing thing. A substance we presume is safe today, based on what knowledge one has at any given point in time, can turn out to be quite toxic tomorrow because of new evidence and because of new circumstances and so on.

[8:30]

I recognize that. I say to the minister there are many substances we're now hearing about that we thought were relatively safe and now we realize they're not. There is the research that the ministry is doing, for instance, just in the area of two materials we talked about on Tuesday or Wednesday which are carcinogens. We don't know anything about them, though they're fairly widely and extensively used in the province of Ontario. Yet the ministry hasn't got around to testing those. There seems to be a whole field here where we're playing with some fire. I have a great unease about it.

Hon. Mr. McCague: I think I answered your question.

Mr. Gaunt: I hope I made my point in that respect and I hope the ministry would consider that kind of approach.

The other matter that I want to raise with respect to the Environmental Assessment Board is its legal relationship with the Ontario Municipal Board. Just how does that fit? I've never been able to get that clear. For instance, if we have an Environmental Assessment Board on a particular project and if after the Environmental Assessment Board has dealt with and, let us say for the purposes of example, the Environmental Assessment Board turns down the project, then along comes the OMB and approves the project. Which supersedes which? Does the OMB ruling override the Environmental Assessment Board or what jurisdictional responsibilities does each have in those circumstances?

Hon. Mr. McCague: It would be my opinion if the Environmental Assessment Board heard a particular case, turned it down and all the avenues of appeal were exhausted in that particular matter, it would be rather futile to proceed to the OMB. I'm not sure we've had that case happen, but if you wouldn't mind turning it around, we have had that case happen.

Mr. Gaunt: You've had the OMB approval first?

Hon. Mr. McCague: No, the Environmental Assessment Board approval first and then an OMB turndown.

Mr. Gaunt: Oh, I see.

Hon. Mr. McCague: I'm not sure that we would proceed to an OMB hearing if the environment hearing was negative and all the avenues of appeal had been pursued. Would that be correct?

Mr. Sharpe: I think one of the differences between the functions of the two boards is that the OMB deals with financial and planning matters and the Environmental Assessment Board deals with environmental matters. We've had an instance just recently where both boards have been criticized for getting into the other's area of responsibility. The OMB in its decision referred to some environmental matters. Certainly, at one stage in the Environmental Assessment Board's hearing, it might have got into planning matters in its recommendation. There is a fuzzy area.

I would like to ask Dennis Caplice to comment because this is of concern to us and we're in the process of sorting it out at the present time.

Mr. Caplice: I think Mr. Gaunt is correct. The procedure, I guess by agreement that goes back a number of years now, is that where there is a need for rezoning as well as an Environmental Assessment Board hearing, the assessment board hearing goes first. Then the Ontario Municipal Board, under the provisions of the Planning Act, operates. I think the minister referred to the situation in the Niagara region with their application for sludge storage lagoons for their sewage treatment facilities having been heard by the Environmental Assessment Board and the ministry approving and then getting into the second hearing on the question of general land use and planning matters and getting turned down. I believe it's the intention of Niagara regional council to appeal to cabinet on that particular decision of the Ontario Municipal Board. We are—

Hon. Mr. McCague: Excuse me, if I might interfere just for a second on this. Am I correct in understanding that one of the reasons for the decision of the OMB was the fact that the environmental issues had not been heard?

Mr. Caplice: No, I think if one reads that Niagara decision of the Ontario Municipal Board carefully I think it turned on planning matters not perhaps being in agreement, the

regional municipality with the area municipality, and maybe a lack of communication between the two. I don't think the Ontario Municipal Board really came out with that particular decision based on environmental considerations. I think it was a planning decision basically, if one reads it carefully.

Hon. Mr. McCague: Perhaps I didn't read it carefully enough.

Mr. Gaunt: I won't comment on that tonight. I realize the OMB has jurisdiction with respect to matters of planning, matters having to do with municipal affairs, finance and so on, that kind of thing. But let's just reverse it and when the minister mentioned reverse it, I thought this is what he meant. I suppose my first question should be, has there ever been an instance, or could the ministry see an instance, where OMB would give its approval first and then the Environmental Assessment Board would come along later and turn down the project on the basis of environmental concerns? I mean the OMB approving in the first instance on the basis of planning or finance or whatever and then the Environmental Assessment Board coming along later and turning the project down on the basis of environmental considerations.

Hon. Mr. McCague: That could happen, I think, to this extent, that a zoning bylaw could have been approved three years ago and a particular piece of land could have been designated for a particular use and then there was an environmental hearing and it was turned down. But if one was to follow the other—Well, number one, it is not going to follow the other and my contention would be that if the Environmental Assessment Board turned it down, it would not then proceed to the OMB.

Mr. Caplice: They could proceed to the OMB, but the failure to hold the proper certification from us, even though they would have proper approval through the OMB, still prevents them from operating. So the structure, if it doesn't carry the air certification or the proper approvals for the water side of it, can't operate because they are legal impediments in terms of that particular plant becoming operational.

I would like just quickly to summarize that we are in very early discussions with the Ministry of Housing with regard to clarifying the whole question of the Environmental Assessment Act versus the Planning Act. It is hoped in the next little while, as we look at the general agency boards and commissions picture in Ontario and the streamlining process that I think was recently announced in the appointment of that four-man committee

by the Premier (Mr. Davis), we can cross-reference these Acts to the point where neither one of them will foul up the other.

In other words, if one is under the Environmental Assessment Act, it is hoped that the full range of matters that are particularly relevant to that situation will be dealt with and the Planning Act provisions will be set aside and vice versa. If the Planning Act is applying in a particular municipality to a private sector activity and the full range of matters are heard out, the Environmental Assessment Act will be set aside. One will not be subject to double jeopardy.

Mr. Gaunt: I guess what I am really saying is that if an Environmental Assessment Board hearing turns down a project, the project can still go forward with OMB approval, but the reverse cannot happen.

Mr. Caplice: If the project is before an Environmental Assessment Board hearing at any time, it automatically means that it requires certificates of approval from the ministry or else it could never have got there. If the project can't get those certificates from the ministry, for whatever reasons, then even though they may have the proper zoning and may have OMB approval they still can't emit to the natural environment any particular contaminants, pollutants or waste. So their hands are tied.

Hon. Mr. McCague: Simply stated, it means I think the member is wrong.

An hon. member: That'll be the first time.

Mr. Gaunt: That's interesting. It isn't the first time. But let me get clarification on this, because the Ministry of the Environment doesn't always pay absolute, inviolable attention to the Environmental Assessment Board hearings. I cite to you one example, the Holiday Inn in Huntsville. The Environmental Assessment Board did not approve that project, and yet the ministry went ahead in violation of that board hearing. If the ministry can do that, why can't the OMB?

Mr. Caplice: The difference between the operations of the two boards in the Hidden Valley case is that the Environmental Assessment Board was really only making recommendations to the ministry. They have not, and are not, under sections 33, 42 and 43 of the OWR Act a decision-making board. The ministry is the decision-maker. Now it changes. But the OMB has all along been a decision-making board.

Mr. Gaunt: All right. But my point is that if the Environmental Assessment Board came down in opposition to a particular project, then the ministry could, in its wisdom or

whatever, go ahead and do otherwise and issue the certificates, and the OMB could then go ahead and deal with the project, and if it were approved then the project goes forward.

Mr. Caplice: That's correct. But without the certificates, that's a different situation.

Mr. Gaunt: Yes. But the ministry is not bound by the Environmental Assessment Board findings. They may find differently.

Mr. Caplice: Not under sections 33, 42 and 43; the ministry is not bound. Under the Environmental Assessment Act the board becomes a decision-making board.

Hon. Mr. McCague: Mr. Gaunt, I think it is fair to point out to you again that when originally you brought this subject up, I did say to you that if the Environmental Assessment Board hearing was negative, and all the avenues of appeal had been pursued, it was very unlikely that anybody would proceed with an OMB hearing.

Mr. Gaunt: It's unlikely, but it's possible.

Hon. Mr. McCague: I think with no effect. Regardless of what the OMB said on the zoning, it's a closed case at the best.

Mr. Gaunt: All right. Well, I don't have time to pursue it. I just want to—

Hon. Mr. McCague: There's all kinds of time—

Mr. Gaunt: No, my time is up and I'm already infringing on Ms. Bryden's time. But with respect to the Hydro projects E15 and E16 and projects thereafter, they will all be subject to environmental hearings.

Hon. Mr. McCague: You are correct.

Mr. Gaunt: I'm correct. Well, you win one and you lose one.

Hon. Mr. McCague: I'm not sure you lost the last one, but—

Mr. Gaunt: All right. The Glengowan dam: Has the Assessment Board hearing on that one commenced as yet?

Hon. Mr. McCague: No.

Mr. Gaunt: When?

Hon. Mr. McCague: When the proponent, the Upper Thames River Conservation Authority, has prepared its case and has given due time for those interested in the case to study it, it will then proceed.

It's similar to the St. Lawrence Cement. We are the proponent in that one; we are preparing our case, and we are giving people adequate time to study it; we are not interfering with their summer holidays, and we intend to proceed in September.

[8:45]

Ms. Bryden: Mr. Chairman, I think we are looking at the heart of our legislation to protect the environment, namely, the Environmental Assessment Act and how it is operating. The objective of the Act, as we all know, is to provide a comprehensive review and evaluation of any large-scale projects with significant environmental effects. That is the approach we have chosen to take by this legislation, and environment is broadly defined in the legislation. It isn't simply the natural environment that we are talking about. It is the social, the economic and the cultural environment that influence the life of the community and of man in the community.

However, I must say I have grave concerns about the adequacy of the legislation, the operation of the system and the role of the Environmental Assessment Board as one of the principal instruments in achieving the objectives of the Act. I refer you, Mr. Chairman, to the comments of Mr. Justice Hartt in his recent interim report in which he says, on page 27: "Questions have been raised about whether the present Environmental Assessment Board is the appropriate mechanism to consider local concerns and objectives." He goes on, on page 14, to say: "In my view, much of the suspicion about the Act would be overcome if the government and the proponent provided more information about specific projects and sought the participation of the public from the beginning of the assessment process." He goes on to say further down on that page: "Without such consultation I fail to see how either the proponent or the ministry can expect to take a count of the complete range of social, economic and cultural concerns of the local communities and people affected."

Those are some very serious questions that Mr. Justice Patrick Hartt has raised about the operation of the board and the legislation and I think we should be looking at whether the legislation needs changing or the operation of the board needs changing.

I draw your attention, Mr. Minister, to a newspaper report in the Globe and Mail, November 30, 1977, in which Mr. David Caverley, the chairman of the board, suggested, according to the report, that there are grey areas in the legislation and that these are partly responsible for public anger and suspicion over hearings. He was referring to the hearings on the Nanticoke waste disposal plant which is being studied. Mr. Caverley went on to say, according to this newspaper report, "I need a clear mandate so there is no question concerning the role of the board."

Then I draw your attention to the Elliot Lake hearings, Mr. Chairman, which have been set up as a special hearing to consider the expansion plans of the two mines in the area. But large scale expansion is proceeding concurrently with the hearings and in fact it recently has had the government's blessing in the form of the uranium supply contracts signed in February of this year by the government and the two mining companies, Denison and Rio Algom.

The board, in an interim decision on a housing question on December 21, 1977, made this statement which I referred to in my leadoff: that its report may include findings which are incompatible with development as it has taken place. The board went on to state: "It is beyond the powers of the board to control the fact that the mines in Elliot Lake will expand." The board reiterated that governmental approvals connected with any expansion should be limited "to what will affect to the least extent possible the matters under consideration at the hearings."

So, Mr. Chairman, the Environmental Assessment Board operating in the Elliot Lake area is well aware that its activities may be an exercise in futility because approvals are going on and even though it warns that they should be minimized and that they should affect the area to the least possible extent, the area that is under study by the board, I think it well knows that its advice may be very difficult for the ministries concerned to follow.

There are other problems with the present legislation and the board. One of them is the difficulty of ensuring that the objectors are on an equal footing with the applicants. Somebody has said that it may not be participatory democracy, it is participatory hypocrisy if the various people appearing before the board are not on an equal footing.

Let me draw your attention to the Maple landfill case, studying the proposed landfill site up near Maple, which is probably going to be the largest landfill site in North America if it goes ahead. The hearings on that have lasted for 80 days over 17 months. There are 13,000 pages of testimony. Some individuals who have been appearing before the board claimed to have spent as much as \$8,000 or \$10,000 in buying the transcripts, their time in appearing and hiring lawyers, experts and so on. Not many people could afford that.

The Elliot Lake hearings which I just mentioned started November 30, 1976. They're still going on intermittently. It's

impossible for very many citizens to cover them adequately over that period of time, yet they tell me the companies have about 24 people in attendance regularly. The government has half a dozen from various ministries, but presumably they're representing the interests of the ministries rather than of the citizens. There may be, at any time, only one or two citizens able to be there. Very few have been able to be there over the entire hearings.

Another problem, in the Elliot Lake hearings in particular, where the subjects are very technical—they're talking about things like radiation—is that they need expert witnesses. The citizens' organizations are not able to bring expert witnesses from the United States, where most of the radiation experts are located.

The board has power to subpoena but apparently has refused to do so in many cases where witnesses have been suggested by some of the people appearing. This may be a matter of funds or it may be a matter of judgment as to whether the witness would contribute to the hearings, but the companies have certainly been able to bring a great many expert witnesses to the hearings.

These are some of the evidences that the legislation is not really working, in my opinion, and it is not providing a proper forum for environmental assessment. I'd like to ask the minister if he is considering some of the suggestions for legislative change that have been made?

The first one is his predecessor's promise made in 1976 to "widen the scope for citizen prosecution and class actions." Has he any plans to carry that out? It was more or less a commitment by Mr. Kerr in a letter to my predecessor, Mr. Godfrey, in this position.

Hon. Mr. McCague: At the present time we have no plans.

Ms. Bryden: Do you not think we need class actions and more opportunities for people who aren't directly affected to appear? That's the whole point of broadening the scope for citizen prosecution. At the moment there is some limitation as to who can appear.

Hon. Mr. McCague: It would be the intention of our ministry to protect persons and things. We would have to do a lot of thinking as to whether or not we should be entertaining the proposals of people who aren't affected.

Ms. Bryden: When it comes to the environment, of course, a lot of people are affected—perhaps not themselves personally

in a very great way in an economic sense, but certainly the environment in which they live is affected.

Mr. Sharpe: Mr. Chairman, I would like to make a couple of points here. First of all, the Environmental Assessment Board has not held a hearing as yet under the Act. It has held hearings under special orders in council and there is a misunderstanding related to the board's hearings under other sections of the Act. These are ongoing things that have been traditional in our ministry and formerly in the OWRC in the past, but there hasn't been a hearing under the Act to date. Secondly, I would like to speak to the point that you make about the private citizen and class action and so on. Given that the board hasn't held a hearing under the Act, we in the ministry are still going to school on how this whole Act will function. I am sure the minister will say we are open to suggestions in the future.

Regarding citizen participation in the hearings that have taken place, there has not been any indication to us that they haven't had a fair shake. I'm not convinced that the board pays more attention to an expert witness provided through some government ministry or by the proponent or someone like that. Whether these people have more weight before the board than a private citizen is still an open question. I think after we have had some decisions, recommendations and so on, we can properly assess this point. We certainly can't conclude at the present time that the private citizen isn't getting a fair shake.

Ms. Bryden: If there is expert knowledge that is not being brought to the board because of its refusal to bring an expert witness suggested by the private citizens, can you say that the board has all the information it needs?

Mr. Sharpe: In a sense we regard ourselves as appearing there on behalf of the private citizen as well. It might not appear that way.

Ms. Bryden: Six ministry officials to 24 company officials at the Elliot Lake hearings is not very strong representation for the public.

Mr. Sharpe: We regard ourselves to be that good that that is a good ratio.

Mr. Wildman: That's what they said when they were negotiating with Hydro too.

Hon. Mr. McCague: Somebody can always challenge what somebody else says as an expert. It's a fact of life. If a particular group wants to bring in a particular expert,

you can bet your bottom dollar it's because in their opinion that particular expert is more expert than the expert somebody else has got. They are not going to bring in someone at great expense to agree with someone who has already given testimony and who is supposedly an expert.

Ms. Bryden: I take it you are not planning to bring in any legislation about class actions at the moment?

Hon. Mr. McCague: Not at the moment.

Ms. Bryden: Or in the immediate future?

Mr. Wildman: How about the hour or the day?

Ms. Bryden: Getting on to other legislative changes, do you plan to eliminate the so-called grey area, as referred to by Mr. Caverly with regard to the Nanticoke hearings?

Mr. Sharpe: We believe this to be more of an administrative problem within the board. We have taken this matter up with it. We have had considerable discussion and we don't think this is a problem at the present time.

[9:00]

Ms. Bryden: There seems to be considerable evidence of what Mr. Caverly referred to as citizen irritation and unhappiness with the proceedings. Do you think that can be removed by administrative changes, or do we need a clearer procedure for citizens to participate?

Hon. Mr. McCague: Ms. Bryden, what do you think causes the unhappiness among those people? Why are they unhappy?

Ms. Bryden: I think they feel they are not on an equal footing with the applicant, that they do not have the expertise or they are not able to hire as many lawyers and that sort of thing, and that their case is not being put as well.

Hon. Mr. McCague: I think Mr. Sharpe, in his earlier comments, mentioned that would not appear to be the case. The people who are on the board are laymen. There's always the chance that they are not thoroughly convinced by a person with a lot of legal expertise but are inclined to listen to a person who has what they consider to be real, genuine concern who is presenting it on his own behalf. I don't think you can presume that just because the evidence is given or the points are raised by somebody in the legal profession it carries any more weight than that raised by the lady who has decided to live on the farm where she brought up six children and had the misfortune of losing her husband.

Ms. Bryden: I suppose we have to see how many decisions of the board go in favour of the applicant and how many go in favour of the objectors. We haven't had enough experience—

Hon. Mr. McCague: It's a little early to tell that, isn't it?

Ms. Bryden: Yes. What about the certificates of approval for burnings and that sort of thing being brought under the legislation requiring hearings before they are issued? I think Mr. Gaunt raised that earlier. Is that a proposal that you might consider?

Hon. Mr. McCague: I would hope not.

Ms. Bryden: Why not?

Hon. Mr. McCague: I am not sure. Maybe if you could elaborate on what you are referring to as burnings, then I could answer it better.

Ms. Bryden: Using the St. Lawrence Cement case as an example, the burnings were carried on there in a very highly populated area with a very dangerous substance without the citizens having a chance to participate in any public hearings on whether that burning should be authorized.

Hon. Mr. McCague: I think I will stick with my answer that we are not contemplating that. I think in society there are certain things that we must do to at least experiment. The experiment was done very cautiously. It was done by three very responsible groups—the government of Ontario, the government of Canada, the Ontario Research Foundation. It was calculated to be at no risk to the surrounding residents. I think we would just frustrate the system to the point that, to put it very crudely, we would probably end up eating everything we are convinced we can burn with no negative effects.

Ms. Bryden: We may be eating it now if it's getting into the food chain. People are worried about some of the emissions from these plants in Mississauga as to whether they're getting into Lake Ontario or not and until they find out the answers they are not sure whether they are eating them.

Hon. Mr. McCague: I won't pursue that further, Ms. Bryden. I think there is some judgment connected with it. You know, as well as I know, that the intervention of people at all levels, whether it be in the disposal of wastes or planning, or government or whatever it is, can frustrate a system to a point that it comes to a complete standstill. I guess the difference is that we have to deal with these wastes and at the same time we have to agree to accept some criticism. But in our

minds we are convinced that what we are doing is completely fair and is not posing any health hazard to the residents we serve.

Ms. Bryden: That is probably why we need real waste management planning. As you say, we can drown in our own garbage. What about Mr. Justice Hartt's proposal that under the environmental assessment process, we must provide more advance information and involvement in the planning projects before they come to assessment. He concluded that you couldn't really have a proper assessment if you didn't have the people involved in the advance planning. Have you any thoughts on how that might be achieved?

Hon. Mr. McCague: I think it is our obligation as a ministry, especially when we are the proponent, and also in cases where we are representing the interests of the residents of the province, that we present to them all the evidence we can possibly muster. That goes for companies, and the government. Not to debate the question of St. Lawrence Cement, but in the burning of PCBs there, we are under considerable criticism for not proceeding with that thing more quickly. Really what the ministry is trying to do is very clearly present all the elements of their points of view, give the opposition, if you may call them that, every opportunity to study that, to secure whatever contrary evidence they wish, and then to proceed with the hearing. I don't disagree with you; you cannot have too much evidence and we should have all we can get.

Ms. Bryden: I would like to echo what Mr. Gaunt said about the extension of the Act to full application throughout the province. There are so many exemptions now in the public sector that it probably covers only about half the projects there, if that many, and as we mentioned there are only three projects in the private sector covered right now.

It has been drawn to my attention that there is a lot of concern about the complete exemption of drainage projects throughout the province, that they do have very serious environmental action and reaction on the environment. Why are they exempt?

Hon. Mr. McCague: A lot of the drainage projects are, of course, municipal projects. Dennis, you might answer.

Mr. Caplice: A number of them are municipal projects, and there was considerable discussion with the Ministry of Agriculture and Food at the time that exception was granted. I think the provisions to the Drainage Act were brought forward just at the time and

passed through the House, and there are studies that are required before drainage projects go ahead under that legislation. It is our position that we are prepared to look at those studies, to see how well they are conducted. In the event that a particular large drainage scheme is proposed there is a provision whereby it can be bumped up and carried out under the Environmental Assessment Act.

Ms. Bryden: Have any been carried out so far?

Mr. Caplice: No, there are none to my knowledge. But there are a lot of drainage projects, medium-size and large ones, carried out in this province, as you know, and it was felt impractical at the beginnings of this Act just to put them all under the Environmental Assessment Act, particularly when a select committee of the House had, I think, looked at that whole question in depth. It was felt it was fair to allow the studies that are now proposed under the new Drainage Act to go forward, and we, along with Agriculture and Food, will be evaluating them.

Mr. Wildman: Could I ask a supplementary on that? The studies that are carried out under the Drainage Act in the Ministry of Agriculture and Food, and in the municipalities—are they environmental in the sense of looking at environmental effects, or are they more engineering-type studies to look at how the particular piece of property can be drained?

Mr. Caplice: I think we're coming through an era; what you say is the practice was the practice. I think there is now a changed viewpoint both on the part of people who design those facilities and people at the municipal level; they do have an impact. It's great to get the water off the field to permit the crops to grow, but you do have a downstream effect, and it can have a serious impact on the environment throughout a whole watershed. We have had discussions with those engineers and Ontario land surveyors and others whose prime function it is to design those types of facilities and there is agreement. We've had guidelines go to them and we see a changing attitude on their part towards the design of those schemes. They now know they have to look at a much more comprehensive, broad range of matters before they proceed with those kinds of schemes.

Hon. Mr. McCague: We have a project under way now to consider wild rice instead of drainage.

Ms. Bryden: There are a few big projects that I would like the minister to comment

on, as to whether he has any plans for bringing them under environmental assessments. The first one is this theme park at Maple, or near Maple. What's the name of the road?

Mr. Yakabuski: Major Mackenzie Drive.

Ms. Bryden: Major Mackenzie Drive. It's a Family Leisure Centres of Canada proposal to put in a huge amusement park there. The Treasurer, in a letter to the mayor of the town of Vaughan did say—this letter is dated April 6, 1976—in his opinion “this project may be large enough to warrant a hearing and decision by the Environmental Assessment Board.” He was thinking of all the effects of this project, not only on roads but on agricultural land and general industry and tourism aspects. I haven't heard that he's changed his opinion, so I wonder, is the minister planning to require an environmental assessment for this theme park?

The other three or four big projects are the possibility of a nuclear waste disposal facility, following on from the Hare report on nuclear waste problems; The Prospection Limited mining development lease that has been given in the north—and any development plans that come out of that.

Hon. Mr. McCague: Sorry, I missed your third one.

Ms. Bryden: The mining lease given to Prospection Limited; and the Polar Gas project which I know the federal government is examining from an environmental review; and, of course, I would like him to reconsider the Darlington decision.

Hon. Mr. McCague: Okay, the Maple theme park—

Ms. Bryden: Yes, and then the nuclear waste disposal facility as recommended by the Hare commission.

Hon. Mr. McCague: As far as Maple theme park is concerned, the matter of a group of ratepayers' opposition to the OMB decision is now before the cabinet, and the request of the ratepayers that the matter be designated under the Environmental Assessment Act is under consideration.

[9:15]

The matter of disposal of nuclear waste is under the Atomic Energy Control Board. We would have no powers in that matter. We probably would be making representation. We would feel that all the points would be made under the hearings which they would conduct. Prospection Limited is a private project in which we don't think, at this time, we would want to or could interfere.

Ms. Bryden: They have been given a very large area of land to explore. Then they are

going to designate smaller and smaller areas if they find things that they want.

Hon. Mr. McCague: We might consider some hearings at the point of mining. Polar Gas, in my understanding, is under the federal government, as you have mentioned. Darlington—

Ms. Bryden: Will you reconsider, Mr. Minister?

Hon. Mr. McCague: —I have not heard anyone in our party suggest that we should reconsider that.

Mr. Wildman: Probably not.

Ms. Bryden: I think there is still some time for some changes in a reconsideration of the Darlington project.

Hon. Mr. McCague: In relation to the Darlington project—in all fairness to those who wish to oppose any particular project—they just keep going down the steps to see if there is some other way that they can get the matter further discussed. My information, rightly or wrongly, is that Ontario Hydro is very fair. They did their assessments; they put them out to public scrutiny but the public, at that particular time, was not interested to the extent that there was any real urgency or desire for it to go to further hearings. The government made a conscious decision that it would not come under the Act and that is where it sits.

Ms. Bryden: But Hydro's hearings are somewhat different to the kind of hearing that the assessment board hearings would have been.

Hon. Mr. McCague: That's true but I don't think you can overlook the fact that the documentation was there. It was put out for public scrutiny. I would agree that it was not scrutinized as much as you and I would have thought. However, it was there for that purpose. As far as my ministry is concerned, there is no inclination to bring it under the Act at this time.

Ms. Bryden: I think I have used up my time, Mr. Chairman.

Mr. Wildman: A couple of weeks ago in the House, as a result of some information I had received from Ontario Hydro and various interest groups, I asked the Minister of Energy (Mr. Baetz) if he was willing, or at that time contemplating a request by Hydro, to have the so-called priority projects that will be the understudy of the Porter commission removed from the terms of reference of that commission. His reply in the House was that his ministry was not contemplating that at this time. He did not say

that they would never contemplate it but that, at this time, there were no plans in that area.

Since that time, I have been informed that the Porter commission is going to have those priority projects left in its terms of reference and is going to be responsible for reporting on the need for those various projects or lack of need for them to the Ministry of Energy. Let's say they recommend certain of those projects or all of them; it is up to the Ministry of Energy to recommend to the government whether or not they will go ahead.

I have been informed of a number of rumours—and that is all I can refer to them as being—that since that announcement was made in the House, Ontario Hydro has requested the Ministry of Energy to decide that since Porter is going to study those projects and decide on their need—he is also looking at environmental aspects and those kinds of things—that if they are recommended to go ahead that they be exempted from the Environmental Assessment Act and not have to go through Environmental Assessment Board hearings.

I would hope the minister could confirm for us now that it is a position of his ministry that whatever recommendations are made by the Porter commission on the various priority projects they will be subject to the Environmental Assessment Act, and that environmental assessment hearings will be held, especially on the sites that are proposed by Ontario Hydro.

Hon. Mr. McCague: Dennis Caplice, maybe you could respond to that, please.

Mr. Caplice: I think the facts as Mr. Wildman has related them are similar to the ones that I am aware of. It is our position and I think it's pretty well agreed with the Ministry of Energy that those projects will be subject to the Environmental Assessment Act. The Porter commission, it is hoped, will look at those projects in the overall planning context of looking at the electric power planning system of Ontario and look at the need for them, but the specific siting of those projects within the grid will be subject to full environmental assessment and the Act will apply.

Mr. Wildman: That's good. I had hoped that that was the case. I hope I can get that same confirmation from the Minister of Energy.

Hon. Mr. McCague: You don't need it from him, do you? If you can get it here you should be quite happy.

Mr. Wildman: I would just like to have it from both sides. I don't want to indicate

that I don't trust the minister or the ministry, it's just that—

Hon. Mr. McCague: The last thing on your mind.

Mr. Wildman: I understand that time has almost run out for the vote. I would just like to ask when the ministry anticipates that the environmental assessment hearings in Elliot Lake will be completed?

Hon. Mr. McCague: I think that question has been asked before and I really don't think there is an answer to it. Everybody who wishes to be heard will be heard. Dennis, have you got a magic deadline?

Mr. Wildman: I didn't mean a deadline. I just meant when do you expect it might be completed?

Mr. Caplice: I think volume two of the submission by the two companies is in now. Volumes three and four are pending. I think it was the intention of the Environmental Assessment Board to begin early in June. There is a little bit of doubt as to whether it can adhere to that date now but it is hoped that the hearings will be concluded by the fall and a report submitted this year. With a hearing of that size, it is a very difficult thing to pin down.

Mr. Wildman: So it is not until those are complete that you can make any comment or any recommendation or order regarding the possible backfilling of abandoned operations to limit the effects on the watershed in the area?

Hon. Mr. McCague: Correct. Please bear in mind also that what Dennis has said, and he said it clearly but in case you misunderstand, is a guesstimate, depending on the hearings. We've already talked about 80 days in the Maple hearing, for instance. This one could be longer.

Mr. Wildman: Okay. I am concerned obviously for the environmental aspects of the Elliot Lake area, as is the member for Algoma-Manitoulin (Mr. Lane), but also it affects the possible development of housing and highway projects in the Blind River area, as I am sure the minister is aware.

Mr. Acting Chairman: I believe there was an agreement between the two opposition critics that we would try to complete this vote by 9:15 or 9:30, but we don't want to stifle anybody's rights to ask questions on these two votes so, Mr. Miller, if you could be brief, we would entertain your questions now.

Hon. Mr. McCague: I would like to extend to you before you start, Mr. Miller, my

apologies for Alliston having beaten your Delhi team four straight in the all-Ontario.

Mr. G. I. Miller: We don't mind. As long as they put up a good game and the competition was keen, we'll accept that.

Hon. Mr. McCague: You lost to a great team.

Mr. G. I. Miller: I want to congratulate you for having a winning team because maybe next year things could turn around.

Hon. Mr. McCague: It's your turn, because we won the two times.

Mr. Acting Chairman: Now back to the matter in hand.

Mr. Nixon: Maybe the minister would like to know that Delhi is in the constituency of Brant-Oxford-Norfolk. I don't know whether I should raise that or not.

Hon. Mr. McCague: Is that right?

Mr. Nixon: It might even make you feel better.

Hon. Mr. McCague: Excuse me for interrupting, but Frank Drea, I thought, knew the ridings inside out—

Mr. Nixon: Frank Drea has been known to be wrong before.

Hon. Mr. McCague: I felt it was in your riding, sir. In fact, I feel a hell of a lot better that it was in your riding. It's a double pleasure now.

Mr. G. I. Miller: Getting back to the approval of the industrial waste site, who will have the final say? Will the region have to agree to accept that through its planning department?

Hon. Mr. McCague: You mean the rezoning. That is a planning matter, but it is my understanding that if the OMB orders a certain area be zoned such and such, that is the way it will be zoned.

Mr. G. I. Miller: So they can overrule or supersede the region if it opposes the construction of this particular facility?

Hon. Mr. McCague: Mr. Mulvaney might answer that. If the OMB orders the zoning of a particular piece of property for such and such a use and the region refuses to issue a building permit, doesn't that become a legal matter?

Mr. G. I. Miller: If it is something that is not considered acceptable, who has the final say? Is it the province, the minister or the local planning people?

Hon. Mr. McCague: My guess is that it would be a matter for the courts—but I bow to legal advice—if you wanted to be contrary enough to drag it to that end.

Mr. G. I. Miller: I just want you to be aware that there are three dairy farms on either side of the particular piece of zoned agricultural land now. I wonder what rights they would have. What consideration would these farms that are in production at the present time have? Would you come into an area and rezone it for industrial waste even if it was in a dairy industry area?

Hon. Mr. McCague: We wouldn't, but the OMB might. We can't resolve that. It has to be the OMB.

Mr. G. I. Miller: It seems to me that when the Ministry of the Environment came in to locate the water supply, I don't think it rezoned that. They just came in and started to dig without even coming to the municipality.

Hon. Mr. McCague: I don't think you have to rezone to dig a well.

Mr. G. I. Miller: No. I'm suggesting the OWRC at that time had the right to come in without asking the municipality for permission to build. They just came in, bought the land and started to build. I wondered if this could happen with this particular industrial waste site.

Hon. Mr. McCague: To build what.

Mr. G. I. Miller: The water intake, the pumping station. There was no rezoning required. They had the right to come in without having any rezoning. They just came in, bought the land and put in the water intake.

Hon. Mr. McCague: I think we're into law here.

Mr. G. I. Miller: I don't want to get into law because I'm not a lawyer.

Hon. Mr. McCague: We have one right behind you there and I would like to have him answer your question.

Mr. G. I. Miller: The water intake is acceptable but the industrial waste site does not appear to be acceptable. I won't say it's not, but it doesn't appear to be to me and the local people.

Hon. Mr. McCague: All that is is a lesson in human nature. Nobody objects to bringing water into his municipality or taking his sewage out. It is when they don't take it out that the problem arises. Neil.

[9:30]

Mr. Mulvaney: On the issue of zoning, of course, the decision-maker is the OMB under the Planning Act, subject to appeals to the cabinet. All other persons or parties, including the region, are simply parties who make their representations before the tribunal.

Mr. G. I. Miller: So there is a possibility they could come in to an existing agricultural area with dairy farms on either side and they could locate, in your opinion, an industrial waste site in that location?

Mr. Mulvaney: As far as the issue of zoning is concerned, as far as that issue is concerned, it is strictly an issue of zoning to be decided by the OMB under the Planning Act. As far as approvals under our Act are concerned, that's quite a different matter. If it requires approvals under part V of the Environmental Protection Act and it involves hazardous waste or large quantities of waste the hearing is mandatory, and we have already had some discussion about that particular process.

The only carryover between the two pieces of legislation is, of course, part 35 of the Environmental Protection Act, under which our minister can provide after a hearing that a bylaw does not apply to a particular waste disposal site.

Mr. G. I. Miller: I wanted to put this on record because it mentioned in an article in the Globe and Mail on Wednesday, November 30, 1977, that the site at Nanticoke is a farm in the middle of nowhere and there has been no previous problem with brown water. I just wanted to indicate to you, Mr. Minister, that it is not in the middle of nowhere because there are three existing dairy operations, two adjacent to and one within the same area, and the community of Nanticoke is within a mile and a half. The water intake is at the mouth of the creek where it is going to drain in and if you had been along a couple of times this last winter you would have seen flooding problems. I would hate to think what these farmers are going to have to put up with if you have this located in this particular area. I would hope they don't have to look forward to fighting that, but I just wanted to bring it to your attention.

Hon. Mr. McCague: You don't agree then that it's in the middle of nowhere?

Mr. G. I. Miller: That's right. It's not in the middle of nowhere. It certainly isn't. It's agricultural land, and it has been good producing land, alongside of an industrial complex which is an industrial park. I say there is room within that park to provide the industrial waste site to take care of that area, and I have said before that it should be up to the industry to provide that land to take care of its own waste. The farmer has to do that. It is not asking the industrial people too much to provide that same facility.

Another question is, what was the cost of the hearing? Do you have any figures on that?

Hon. Mr. McCague: I don't.

Mr. Sharpe: We haven't got any figures yet on that.

Hon. Mr. McCague: Which hearing?

Mr. G. I. Miller: Particularly the one on this industrial site. What was the cost to the ministry?

Hon. Mr. McCague: Does anybody here know that?

Mr. Sharpe: No, we wouldn't even have that figure, Mr. Minister.

Mr. G. I. Miller: Would it be covered in this item 6? Would it come under that budget?

Hon. Mr. McCague: I think what the deputy minister is saying is that we won't have that figure yet.

Mr. G. I. Miller: It will be available eventually?

Mr. Sharpe: We could probably make an estimate or do a cost study on our costs on that. We have to prorate salaries of people and travel and so on. We haven't done that on this project. I don't know whether we want to commit ourselves to do that in any case.

Mr. G. I. Miller: Mr. Chairman, I think I have made a point and I will leave it at that. It is 9:30.

Items 5 to 7, inclusive, agreed to.

Vote 2002 agreed to.

On vote 2003, environmental control program:

Item 1 agreed to.

On item 2, industrial abatement:

Mr. Gaunt: I have some comments with respect to this particular vote, relating to the pulp and paper industry. I should mention in talking about industrial abatement that perhaps the ministry could provide my friend here from Timiskaming (Mr. Havrot) with a little private abatement for his cigar.

Mr. Havrot: This is not for your benefit.

Mr. Gaunt: I'm just glad it wasn't any longer, or OHIP may have had a claim.

Mr. Havrot: I didn't realize you were in that bad shape, Murray.

Mr. Gaunt: In any event, I wanted to talk about the pulp and paper industry, because I did so last year and I put on record some figures which I considered fairly alarming; and I noticed that this year, based on the figures which I have, it is indicated that we're not making very much progress. Indeed, I think we're taking one step ahead and two steps back in many cases.

There are eight pulp and paper companies in the province of Ontario that have more BOD emissions today than they had in 1975. That's alarming to me and I think it should be of great concern to the ministry.

Let's just review the figures for the record. Last year I talked about American Can and I talked about the BOD emissions in kilograms per day. In 1976, 19,900; in 1977, 18,500. The ministry requirement is 18,100. So American Can is still over the ministry requirement in terms of BOD emission.

Hon. Mr. McCague: It's going to be very difficult to respond to them if you're going to go through the whole list.

Mr. Gaunt: All right, let's just deal with American Can first. Can we do that?

Hon. Mr. McCague: My information is that 1975 was 18.5, 1976 was 19.9 and 1977 was 17.8.

Mr. Gaunt: Are you dealing in tons per day or are you dealing in kilograms?

Hon. Mr. McCague: We could translate it.

Mr. Gaunt: This is one of the problems. The information that comes out of your ministry isn't always the same.

Hon. Mr. McCague: Metric tons.

Mr. Wildman: Improvement by metric.

Hon. Mr. McCague: It's improvement whatever way you go. Will you give me your figures again?

Mr. Gaunt: In 1976, BOD was 19,900.

Hon. Mr. McCague: Right.

Mr. Gaunt: In 1977, 18,500.

Hon. Mr. McCague: No, in 1975, 18,500.

Mr. Gaunt: These figures came from your ministry.

Hon. Mr. McCague: They must be different from the ones they gave me.

Mr. Gaunt: They're from the pollution control branch.

Mr. B. Newman: They gave me a third different set.

Mr. Gaunt: They came out of your ministry on March 29, 1978.

Hon. Mr. McCague: We'll have to see which one is right. I'm sorry about that.

Mr. Gaunt: We've got a problem because I don't know how I'm going to deal with it if we're not sure of the figures. But you say the 18,500 is in 1975?

Hon. Mr. McCague: Right, with not such a good record in 1976 of 19.9, and a better record in 1977 of 17.8.

Mr. Gaunt: Maybe I should use the 1975 and 1976 figures. They would make my point

to a greater extent. Seventeen thousand eight hundred.

All right, let's go to suspended solids for American Can. In 1976, kilograms per day, 7,700. In 1977, 7,300. Can we agree on that?

Hon. Mr. McCague: No.

Mr. Gaunt: Those figures came out of your ministry on March 29.

Mr. Wildman: Who signed the letter?

Mr. Gaunt: I don't want to embarrass anyone.

An hon. member: Just show it to us.

Hon. Mr. McCague: No, I can appreciate that, Mr. Gaunt. My figures are again different: 1975 is 7.3, 1976 is 7.7 and 1977 6.6.

Mr. Gaunt: All right, let's go to dissolved solids then. What are the figures with respect to dissolved solids?

Hon. Mr. McCague: Dissolved solids, I don't have that figure here at the moment, Mr. Gaunt. We're trying to resolve the differences here.

Mr. Gaunt: Can I move to Great Lakes Paper?

Hon. Mr. McCague: Yes.

Mr. Sharpe: Mr. Symons, would you take the mike and talk about these differences?

Hon. Mr. McCague: I apologize for that, Mr. Gaunt.

Mr. Symons: Mr. Chairman, I am not sure that I can resolve the problem entirely but the figures that the minister is looking at are in metric tons per day. They are from a table that includes all of the results for all of the pulp and paper industries in the province and the record over the past three years. The table, I believe, that the hon. member is using is a table that relates to the 11 industries that were cited in the IJC report. The IJC figures were put together a few days before this second table and they were put together as quickly as possible to get some answers to you. It is my understanding that the second table listing all of the pulp and paper plants is a little bit more accurate than the first one. The second one was put together about two days later and we tried to improve the figures in that period of time.

Mr. Gaunt: Then I suppose all of these figures are going to be out. Can I switch to Great Lakes Paper then, Mr. Symons? Great Lakes Paper, kilograms per day: BOD, 1976 at 66,700, 1977 at 92,500. Is that one right?

Mr. Symons: Yes, we're right on that.

Mr. Gaunt: The ministry requirement is 68,775?

Hon. Mr. McCague: Is that correct, Mr. Symons?

Mr. Symons: May I ask where you are getting the ministry requirement figures from?

Mr. Gaunt: The ministry requirement figures were figures that I used last year and those were figures that our research people got from your ministry.

Mr. Symons: I don't have those figures here and I can't confirm them.

Mr. Gaunt: All right, let's just leave the ministry requirement figures out then.

Mr. Wildman: That's what the ministry has been doing for years.

Mr. Gaunt: Yes, that's true and that is really one of the points that I want to make.

In 1976, 66,700; in 1977, 92,500. The ministry confirms those figures. I suggest to you, Mr. Minister, that it is a substantial decline in favour of pollution. Really, what we are talking about here is roughly 670 parts per million which is three times as concentrated as raw human sewage. That's what we're talking about. In terms of suspended solids, in 1976 Great Lakes Paper 18,900; 1977, 17,500. Are we right on that one?

Mr. Symons: Correct.

[9:45]

Mr. Gaunt: I'll leave out the ministry requirement because you don't have it with you. Let's come to dissolved solids on Great Lakes Paper. Last year it was 256,000. What is it this year for 1977?

Mr. Symons: It's 405,000.

Mr. Gaunt: And there, again, there's been a decline; a greater amount of pollution there. I suggest to you that in terms of BOD, suspended solids, and dissolved solids, the most important one of the three is the dissolved solids because it's tougher to cope with. It's a more difficult thing to cope with than are the other two. It has a greater residue effect on fish life and aquatic life than have the other two.

Mr. Symons: I think there is an explanation for the difference in the results here and that is that there has been an increase in production at this mill. There is a change in processes that is taking place. Although the new plant has started up, there are problems with it and they are anticipating that the whole waste-water system will be closed and that this will result in a very significant decrease in the pollution loading. But in the startup and interval period, there are certainly problems and for this reason we have

experienced the increase in loading that you have identified.

Mr. Gaunt: When do you anticipate that the startup period will be over and we can expect a reduction in these loadings?

Mr. Symons: It is indicated that, essentially, the closure should be completed towards the end of 1978.

Mr. Gaunt: Towards the end of this year. In the meantime, we have about 1,000 parts per million going in there in dissolved solids.

Mr. Symons: We have the figures in kilograms per day.

Mr. Gaunt: I think it works out to about 1000 parts per million and that is quite a significant discharge, in my view.

All right. Abitibi Paper Company, BOD in 1976, 64,500.

Mr. Symons: Thunder Bay?

Mr. Gaunt: I think we're taking the Thunder Bay one. That's the one I took last year.

Hon. Mr. McCague: And what did you say?

Mr. Gaunt: I said 64,500 in 1976.

Hon. Mr. McCague: And for BODs?

Mr. Gaunt: In BODs: in 1977, 74,200.

Hon. Mr. McCague: Mr. Symons, can you confirm those figures?

Mr. Symons: Yes, those are the figures that I have here.

Mr. Gaunt: Those are correct? The suspended solids are, in 1976, 11,500; in 1977, 9,500. Are those correct?

Mr. Symons: Yes, again, those are the figures.

Mr. Gaunt: And the dissolved solids for this plant: 200,400 kilograms per day in 1976. What was it in 1977?

Mr. Symons: It was 206,000.

Mr. Gaunt: It was up slightly.

Mr. Symons: Yes, it was up slightly.

Mr. Gaunt: Perhaps I could come to a sort of broad overview and put this matter in perspective, Mr. Chairman. The pulp and paper industry and, particularly, Abitibi does not have and has never had a good record in this particular field. It is atrocious, as a matter of fact; it is atrocious. I look at the Abitibi plant in Smoothrock Falls, at the Abitibi plant in Thunder Bay and the Abitibi plant in Sturgeon Falls. Every one of them, in terms of tons per day, is increasing. Let's just take a couple of examples here. In 1977, Abitibi in Sturgeon Falls emitted 69.5 metric tons per day BOD. In 1975, it was 47.6 tons

per day. The ministry objective, set in 1965, was six tons per day. Can we agree on that?

Mr. Symons: I'm sorry, that was Abitibi in Iroquois Falls?

Mr. Gaunt: No, Sturgeon Falls.

Mr. Symons: The figures I have here are somewhat different. I'm trying to look for the explanation for this.

Hon. Mr. McCague: Mr. Gaunt, would you be annoyed if we left these figures over? I can't even agree with the figures you got and—

Mr. Gaunt: They are your figures.

Hon. Mr. McCague: —they are different from what I have been given. Rather than argue about what figures are right, I wonder if we can get the right figures for the next sitting of the committee?

Mr. Gaunt: Perhaps that would be the best way out, because I think we are going to consume a lot of time.

Hon. Mr. McCague: I was with you on the first three or four and then I'm lost in the figures I've been given also.

Mr. Gaunt: We certainly have a problem with respect to the information. Both figures I have here came from the ministry and neither seems to agree with yours.

Hon. Mr. McCague: I presume that is where mine came from too.

Mr. Gaunt: I can't quite understand it, but I would certainly agree with the suggestion.

Hon. Mr. McCague: I do have a brown paper envelope here. I'm not sure where it came from.

Mr. Gaunt: I would certainly agree to leave that matter over. I doubt very much if we will be able to carry that vote tonight in any event, so if I could have the accurate figures when we come back I would appreciate it. That raises a point. How are these figures arrived at? Does your ministry do the sampling? Do you go in there and sample periodically, or do you rely on the industries themselves to supply that information?

Mr. Symons: Both. There is ministry sampling and there is sampling carried out by the mills and reported to us.

Mr. Gaunt: Maybe that's the problem with the figures. Is there any assurance that the figures you get from the industry are accurate? I don't mean to infer that the companies cook the books with respect to these figures, but at the same time I think it would be in the

ministry's own interest to do a double take on these figures. Do you do precisely that?

Mr. Symons: Yes, there is monitoring by the ministry to confirm the accuracy of the work that the mills do and submit to us.

Mr. Gaunt: How often is that done?

Mr. Symons: It varies from plant to plant.

Mr. Gaunt: Let's just take a few plants. How often have you checked Abitibi at Thunder Bay? How often did the company submit reports?

Hon. Mr. McCague: Mr. Gaunt, if it is any consolation to you, the figures that I have are all lower than the ones you have.

Mr. Ramsay: I hope I won't confuse this even further. I would expect the minister's figures are in tons per day, which should be roughly ten per cent different from other figures which have been quoted, which I presume are in kilograms per day. There could be that 10 per cent difference. Specifically to the question concerning the Abitibi sampling and the method of reporting, basically, up until this year, the company has been reporting to the ministry on a quarterly basis data which it acquires on a daily or weekly basis depending on the particular mill. The company reports this information to us and we compile it and usually report it on an annual basis.

The sampling that we do to substantiate the company data is not a rigid sampling program. It is based on the abatement actions that are being taken at the mill concerned. If there is a great deal of activity we will increase our samplings so that we can keep up with the effect of the changes that are going on. Basically, we attempt to conduct a routine sampling at least once a quarter and in some cases this is greatly accelerated during the summer when we have the assistance of summer students.

Mr. Gaunt: So the company submits quarterly and you routinely sample quarterly?

Mr. Ramsay: We attempt to sample once a quarter some time during the quarter. Obviously we don't flag our visits to the mills nor do we attempt to do it on a given day. We try to randomly sample some time during a quarter, but we will vary from this considerably depending on the activity that is occurring at a particular mill.

Mr. Gaunt: That holds true for all of the companies?

Mr. Ramsay: Essentially. In terms of their reporting to us that is the case. We expect them to be reporting on a monthly basis from the beginning of April this year to facilitate the accumulation of this type of data.

Mr. Gaunt: All right, that's helpful. I appreciate that.

Mr. Bounsall: Why do you have two methods of reporting, one in kilograms per day and the other in tons per day?

Mr. Ramsay: We are betwixt and between right now. There are two problems here. Number one, we have been reporting in kilograms per day for the IJC for some time. The pulp and paper industry, though, has historically accumulated data on the basis of tons per day and we are betwixt and between. It's unfortunate. It's a bit confusing at the present time.

Mr. Bounsall: It certainly is.

Mr. Ramsay: We are totally switching to metric and at the same time the industry also, for this and other reasons, is switching to metric. We would anticipate this problem would not occur too frequently in the future.

Mr. Bounsall: I just thought maybe it was a peculiarity of the minister that he wanted his figures in tons per day and you wanted yours in kilograms per day.

Mr. Gaunt: I have already made the metric switch. The minister is still coming along.

Hon. Mr. McCague: I am not sure about that really. My figures are lower than yours.

Mr. Gaunt: I could read something into that but I won't until I get the figures on Tuesday.

Hon. Mr. McCague: I won't be either.

Mr. Gaunt: It's a trade-off. May I ask you about the CIP plant in Hawkesbury? Can we agree on these figures? This appears to be the highest one of the entire lot and this company has asked for an extension to its control orders, I understand. The figures I have for this plant are as follows: In 1977, the BOD emission in tons per day was 167; in 1975, it was 188 and the 1965 ministry objective was 40. Are those figures correct?

Hon. Mr. McCague: That isn't the first question you asked. The answer to your second question is I don't know, and the answer to your first question is no.

Mr. Gaunt: They haven't asked for an extension?

Hon. Mr. McCague: No. The answer to the first question is you and I don't agree, and to the second part—have they asked for an extension?—they have asked for an extension.

Mr. Gaunt: They have asked for an extension. I just can't deal with the figures. We'll have to leave that over until we get figures that coincide. With respect to the minister's reply to Ms. Bryden's question and

my supplementary the other day in regard to the control orders and the fact that they had lapsed on March 30, I believe, in the first case and March 31 in the other one, I was interested in the minister's statement with respect to what he said in regard to the approval for systems to reduce suspended solids in the effluents from the Thunder Bay and Fort William division mills.

[10:00]

You indicated that the deadline on submission of those plans for approval was March 30 of this year, and on the Sturgeon Falls division mill they were reporting on means of reducing phenol loadings from the press run-off. What particular systems are going to be installed in those mills? To what extent does the ministry anticipate that those new systems will reduce the loadings in those plants?

Hon. Mr. McCague: Mr. Gaunt, I am afraid I can't give you the technicalities of those. Is there anybody here who can? Mr. Ramsay?

Mr. Ramsay: I can't speak in any detail to that question, but the two mills in Thunder Bay do have primary treatment facilities available at the present time in the form of settling lagoons. The improvements that we expect to see in these applications—the applications have been received; I personally haven't seen them at this point, but they were received the day before the deadline—basically will be improvements to the primary treatment facilities.

I must point out that at these two mills the improvements anticipated are marginal. The mills are very close to meeting the ministry requirements at the present time, and the problems they have encountered have been problems of maintenance of the lagoon systems, specifically keeping them cleaned out. We would anticipate that their proposals to us would include measures to ensure that the existing facilities are maintained to consistently meet the ministry objectives.

Mr. Gaunt: So that under certain circumstances they do meet the ministry objectives, then again, at other times they don't. So the overall picture is such that they really aren't meeting the ministry requirements? Is that accurate?

Mr. Ramsay: That is right. Historically, over the last five or six years, this has been the case, that by and large part of the time they are meeting it and part of the time they are not, basically because of their inability to keep up with the maintenance of the lagoon systems.

Mr. Gaunt: To what extent—Mr. Ramsay perhaps this is difficult for you to answer but give it a try if you could—do you anticipate that these marginal improvements to use your term, will reduce the loadings? Will the marginal improvements reduce the loadings marginally? Is that a fair assumption?

Mr. Ramsay: I think basically the situation is that the suspended material in the effluents from these mills falls into two general categories. One is suspended material that will settle out in a finite period of time, and other material that doesn't settle out. Basically, we would expect that as a result of these modifications they would be removing substantially all of the material that would settle out, and that they would be doing it consistently.

Mr. Gaunt: I would like to ask the minister, you have within your ministry an industrial water pollution monitoring system, do you not?

Hon. Mr. McCague: Yes.

Mr. Gaunt: Do you get computer print-outs from time to time, as I suppose you would, which would be akin to a monthly exception report, where there are industrial dischargers over your requirements, your limits? Do you get that kind of information on a regular basis?

Hon. Mr. McCague: I doubt if it is computerized, Mr. Gaunt.

Mr. Gaunt: But you do have a list of the major dischargers in the province of Ontario? You do have that kind of compilation? How often would the data go into that information book?

Hon. Mr. McCague: Maybe Mr. Barr could elaborate on that.

Mr. Barr: Mr. Gaunt, I am not entirely certain what your question is related to but we have data, as Mr. Ramsay has indicated before, which is collected by industry and supplied to us, and data which we collect ourselves. This data is not all computerized but it is all put into the total system, as such.

Mr. Gaunt: What I was referring to, Mr. Barr, was the pulp and paper industry and Mr. Ramsay was dealing with that. What I wanted to get from you is whether or not you have an industrial water-pollution monitoring system, including a monitor on not only pulp and paper but all companies in the province, all industries that are discharging waste material in the province of Ontario.

Mr. Barr: We have what I might call a water quality network. This is made up of

sampling stations above and below major sources of pollution, which may be municipal, private and industrial. There are several hundred of these throughout the province and these are sampled by our staff. This gives us a total network of water quality changes. These are sampled on a biweekly or bimonthly basis which contributes a tremendous amount of data showing the impact of discharge from, as I say, municipal, private and industrial. From this data, we can assess changes in discharges by industry, by private parties or by municipalities.

Mr. Gaunt: This really speaks to my concern in this respect. So, you get that biweekly?

Mr. Barr: In some cases biweekly, in others monthly or bimonthly.

Mr. Gaunt: Do you review that when you get it? For instance, if there is a dramatic increase with respect to a company in the province of Ontario?

Mr. Barr: Yes.

Mr. Gaunt: Does that trigger a red flag and out go your people to see what is going on? Is that the kind of response one could expect under those conditions?

Mr. Barr: Yes. The major intent of this water quality network is to note changes; for one thing, to provide an inventory of water quality throughout the province at any time and to provide something of a history of water quality changes, if you like. It also flags changes, although if there was an upset in a plant, by the time the sample is taken and analysis is completed, of course, the upset is long gone. Of course, there is an obligation to the industry or the individual to report any major changes in the processing or upsets. So really the network of sampling or flagging on the spot won't provide that instantaneous change; it doesn't do that. It will maybe show the change after the effect but not instantaneously.

Mr. Gaunt: I see.

Mr. Barr: The obligation is on the discharger to report this as it happens.

Mr. Gaunt: Are they pretty diligent in doing that?

Mr. Barr: Some have not been as diligent as others.

Mr. Gaunt: What do you do with the less diligent?

Mr. Barr: The legislation requires that if there is a spill or an accident, whether it be negligence or accidental, it be reported immediately. Those that have not done so have been to court.

Mr. Gaunt: I think I have taken quite a bit of time. I will pass for the moment.

Mr. Lupusella: Mr. Chairman, if I may, I would like to convey to the Minister of the Environment, some of the frustration which has been aroused in the past few years in relation to the area of Dovercourt. There are a lot of industries and a lot of plants located in that particular area. I can understand that, because it is a social democratic environment existing in an old part of the city, and residents and industries have been living there without any particular planning from the provincial government or from the municipalities. There are old factories in the area and I can understand the problems here, but in the past seven or eight years a lot of complaints have been sent to your branches about the problems that some of the industries and plants have been creating. I am sure you are aware of recent incidents. The latest one is in relation to the sulphuric acid leak about which I raised a particular question in the Legislature; and besides that I dealt with other matters in relation to those industries in the Legislature. Let me tell you that at least one of the industries—and I want to mention the name—Kelson Spring Products Ltd., moved out of the area after years and years of complaints and as a result of the pressure exerted on the floor of the Legislature.

I particularly want to convey the sense of frustration of the people living in the Dovercourt area as a result of those problems created by those industries. As a result, a lot of people are moving out of the area for reasons which are related to the inaction of particular branches of the ministry. I am aware that you have only recently taken on the position of Minister of the Environment, but I hope you will take a strong stance when those problems arise from time to time, and when complaints come into the different branches of your ministry.

As I stated before, as a result of those problems, people are leaving the area; and I am sure the situation is becoming intolerable and unfair to those people who bought their houses. Maybe you are not aware that the majority of those people are immigrants who have made a lot of sacrifices to buy their houses and who are now being forced to sell them and move out of this particular area. This causes them financial hardships, especially today with the economic crisis reaching proportions beyond our control. They are selling their houses and buying new houses with extra mortgages, and I don't think that is fair to those people.

The point I want to convey to you through this presentation is that we must reach some sense of balance between industry and the neighbourhood. Industry is welcome; it can stay in the neighbourhood. But it must follow the regulations which have been passed by this Legislature. If this happens, I don't think residents are going to have any complaints about industry endangering their lives, such as it did on the occasion of that sulphuric acid leak which took place on March 19, 1978. I do appreciate the letter the ministry sent me. I think the issue should be pursued in order that every conceivable precaution is taken so that those incidents will not recur in the future, for the sake of the people living in the neighbourhood and for the sake of the employees and workers living in those particular areas.

In my question in the Legislature I particularly requested a full report and informational data in relation to chemical containers which might be located in that particular plant, because the incident took place there. But don't let us overlook the fact that similar incidents might take place in those old industries located in the area of Dovercourt. [10:15]

I feel sorry about the incident. I feel sorry about those people who went into financial hardship to buy a house and are being forced to leave the particular environment they are in and move out of the area just because those industries are creating those external environmental problems. I think that your ministry has a responsibility, a really strong responsibility, towards those people, not just because they had to sell their houses but because those particular incidents are going to endanger the lives of the people and workers living in that particular area.

We were able in the past, in view of strong pressures exerted on the floor of the Legislature, to enforce particular regulations in relation to Kelson Spring Products Limited. This kind of innovation through the pressures dictated by your ministry, forced that factory to move out of the area, because the money which the owner of the plant was supposed to spend was around \$80,000 and he decided to build a new factory as well.

But why are those people supposed to fight for so many years when an action initiated by your branch can solve the situation? Again, I want to appeal to some sense of responsibility coming from the industries. I have nothing against them, but if they want to stay in the area I think this peaceful environment should exist, otherwise they will have to leave the area—and your ministry is supposed to make sure that they are going

to leave the area if they don't follow your regulations.

A particular plant has created problems in the past and is still creating problems for the residents. I was completely shocked, because again they are people who don't speak English and the plants and factories are taking advantage of this situation. In Dovercourt there are so many people coming from different ethnic communities and without knowing the language they cannot defend themselves. This struggle has been going on for years and years and I hope you are going to take some sense of leadership to review the industrial situation which exists and has existed in the past in my particular area in order that this situation is going to stop once and for all. Review this industrial situation to find out really what kind of complaints came before your branches and what kind of actions have been taken in relation to those complaints.

I really would like to have a full report of what is happening in the area, because the people living there are defenceless. I was really glad when last night—because usually on Wednesday I am doing my constituency work—20 people came into my office to talk about a particular problem which has existed for years. I am sure inspectors working in your ministry are aware of this situation which has been going on at a plant at 81 Florence Street, Wilkinson Foundry Facing and Supply Company Limited. There is dust there and I hope the minister is going to be really sympathetic to the residents' cause and that we are going to stop this alarming situation that is coming from those factories.

I can also point out—and I am sure the minister is going to share this concern—that there is also a lack of interest coming from the municipality. So I am not just blaming your ministry for lack of action. I am also blaming the municipality that when they are granting licences or permits to build plants, there is some disconnection of communication between officials of the municipality and your ministry in relation to permits and licences for particular businesses installed in the Dovercourt area. I won't tolerate any repetition of this situation in the future, if strong action and some sense of leadership won't come out from your ministry.

I remember Kelson Spring Products Limited—and I am not blaming you because you were not the minister in those days. It took me several questions in the Legislature just for the Minister of the Environment to impose a control order under the anti-noise law. Finally, as I stated before, Mr. Kelson decided to build the factory elsewhere. I'm

really glad about that situation; in the last provincial election, people at least were happy.

What's the sense of people having a house when they cannot even sit on their veranda during the summer, because of pollution and noise? What's the sense of paying so much for mortgages and so much in interest and making so many sacrifices in buying houses which people cannot even use?

I'm really disturbed about this situation and I hope your inspectors are going to take a really strong stand on this particular situation. I'm really demanding a full report which should be forwarded by officials of your ministry to my office in order that I can review the present situation involving plants which are in the middle of the neighbourhood. They are not far away; there are people around. There is noise; trucks and trailers are getting into the plants. They have to cross small streets where there are children.

The whole situation is really incompatible and the people are forced to leave because they cannot stand the kind of external environment which is coming from those industries located in the area.

So either they adjust their internal and external environments to comply with present legislation, which your ministry is supposed to provide, and if they don't want to I feel really sorry. They have to leave the area, period.

Again, just to give you an example about this Wilkinson company, there is charcoal dust. Those people cannot even see outside their windows because they are full of dust. Those people cannot fall asleep at night because there is extensive movement of tractors and trailers getting into those plants and, of course, during the wintertime they have to keep the engines running. And what about those people when, the day after, they are supposed to go to work?

That's the kind of situation I want to bring to your attention. The residents leave the environment. They move elsewhere. Again, they are engaged in buying new houses with new mortgages. I don't think it is fair to those people who really cannot defend themselves. During the summer, in the whole space in front of this particular factory, dust comes up from the soil.

Some sense of communication can take place between your ministry and officials of the municipality. I have to say that some policemen are also irresponsible. They don't give a damn about the situation those residents are facing. I think the company must

be forced to pave this big area which, during the summer, generates dust.

I don't know the company's financial status. I think if they want to stay there they have to engage themselves in making those kinds of improvements which will alleviate the problems of people living in or adjacent to this particular area. I also heard that this company wants to expand its charcoal production and before it pursues this issue any further I hope that your ministry, in co-operation with the municipality of Toronto, is going to prevent it from taking place.

If you want to reply, I mean—

Hon. Mr. McCague: I've got a pretty good memory, but it is not quite that good. However, I sympathize with the situation that you have put before us. I think earlier on in your remarks you said that really what you wanted was for the residents and the industries to co-exist in the same area.

Mr. Lupusella: Well, those industries which would like to co-operate—

Hon. Mr. McCague: What you would like is for them to coexist and you would like the industries to create less dust and cause less disruption. It's an admirable goal and one that we should work towards achieving.

I don't agree with you that the people in that area, because of their ethnic origin, don't understand and aren't able to make their feelings heard, because I am very sure, Mr. Lupusella, that you will never let that happen. I'm sure you are making the case that—

Mr. Lupusella: No. That is why I am taking the right step, in order that this situation won't happen.

Hon. Mr. McCague: I was well aware of that as you were going through the various aspects of it. I hope that you continue to do that—bring things to our attention.

We will do what we can. It is my understanding that in the Kelson Springs case we did lay charges against them for noise pollution.

I stand corrected. I think that we are staying somewhat out of the noise business at the present time but we are supplying municipalities model noise bylaws which we hope and expect the municipalities will enforce.

Mr. Wildman: Were charges laid in that case?

Hon. Mr. McCague: Mr. Mulvaney will answer that.

Mr. Mulvaney: No, charges were not laid under the Act. A control order was issued requiring the company to abate the noise problem. The company challenged that by

appealing to the Environmental Appeal Board and also went to the courts to challenge the order. The appeal to the courts was appealed up to the divisional court, to the Court of Appeal; the company finally lost in the Court of Appeal. The matter reverted back to the Environmental Appeal Board for a hearing and it was at that point the company decided to move elsewhere.

Mr. Wildman: Are they making the same noise elsewhere?

Mr. Mulvaney: You would have to ask the regional people what their new operation is like.

Mr. Lupusella: If I may, Mr. Chairman, Kelson Spring Products Limited is not a problem any more in Dovercourt. I hope that where they moved, the MPP or somebody else is going to raise this particular issue. I don't know where they moved to.

The question is that the sense of leadership which I was talking about referred to the enforcement branch. I remember very well—in fact I wrote a press release dated April 23, 1976, and I made particular reference to it—a Globe and Mail article which quoted the head of the Ministry of the Environment's anti-noise branch as saying he didn't think prosecution is the way to do it. Well, if prosecution is necessary I think it should be done. There is no doubt about it.

[10:30]

Hon. Mr. McCague: If there is no other way.

Mr. Lupusella: If there is no other way. But it seems that in relation to Kelson Spring Products Limited, if you are going to review the file, the residents were fighting this issue for at least four or five years to make sure that the company was going to leave the area because they didn't want to comply with the ministry's regulations. I think it is completely absurd when the owner of a particular plant doesn't want to make the changes required by the ministry for the benefit of the residents and a prosecution is necessary, that we don't go through the prosecution process. That's how we make sure those companies are going to comply with control orders coming from the ministry.

If there is no prosecution then they are going to take advantage of the situation and the situation instead of improving is going to get worse. That's the kind of leadership

I was talking about; that to solve problem which are really problems affecting people's lives even prosecutions are required—immediately. Either the owner is going to do it or else he's going to be charged.

In fact, as I understand, Kelson was not charged. He moved out.

Mr. Mulvaney: There was a private prosecution which was unsuccessful.

Mr. Acting Chairman: Mr. Lupusella, we've run out of time. Do you have a short answer Mr. Minister?

Mr. Lupusella: Just a few points in relation to Wilkinson. I hope officials of your branches are going to get in touch.

First of all, I would like to have, as I requested, a full report about the industrial situation affecting Dovercourt, because I'm not aware about other companies. I want to review the situation myself.

I hope officials of your ministry are going to get in touch with municipal officials as well and they are going to force the company to pave, for the summer to come, the big space which is really touching the residential area, in order that dust coming out from the soil during the summer won't disturb the people.

In relation to the noise, just for the minister's information I want to quote a letter coming from the Department of Public Works to some residents living on Florence Street, dated March 21, 1977. The situation really goes back to a few years ago:

"Noise complaint. With respect to the complaints regarding noise past 11 p.m. when the noise control has no staff on duty, Inspector Hobson, 14 Division, has agreed to investigate your complaint for noise control.

"If you are disturbed, please call the police at the following number and ask to speak to the sergeant. Tell him who you are and ask for an investigation under standing complaint No. 11. The police will investigate the noise and will advise noise control of their findings. They will ask to come into the house to hear how loud the noise is inside the house."

Those people didn't get anywhere. They came to my office and they expressed the position that they are in a situation where they have to leave the area. That's completely unfair and I hope your ministry is going to review the industrial situation. I would like to have a report and learn that a strong stand is going to be taken by different branches of your ministry, in co-operation

with Metropolitan Toronto, in order that the situation is going to be alleviated for the years to come.

Mr. Acting Chairman: We've really gone past our time. If the minister wants to give you an answer I'm sure he can when we reconvene.

Hon. Mr. McCague: Before we quit, I think we might extend our appreciation to the auctioneering chairman who sat in to get things rolling tonight.

Mr. Acting Chairman: It's been my pleasure.

The committee adjourned at 10:35 p.m.

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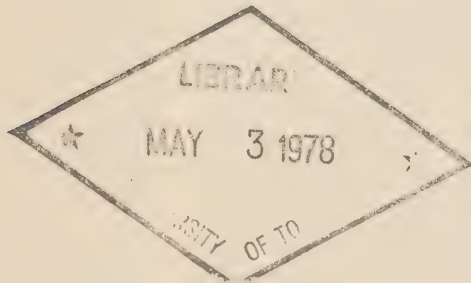
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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee

Estimates, Ministry of the Environment



Second Session, 31st Parliament

Tuesday, April 11, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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A list of the speakers taking part in the debates in this issue of Hansard appears, in alphabetical order, at the back of this issue.

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LEGISLATURE OF ONTARIO

TUESDAY, APRIL 11, 1978

The committee met at 8:05 p.m.

ESTIMATES, MINISTRY OF THE ENVIRONMENT

(continued)

On vote 2003, environmental control program; item 2, industrial abatement:

Mr. Lupusella: I intend to be brief, Mr. Chairman, because I have a sore throat. I would like to bring you up to date on the events that have taken place in relation to a particular industry, which I'm sure the minister is aware of, the Wilkinson Foundry Facing and Supply Company Limited. Instead of improving, the situation is deteriorating. I'm not sure whether the minister is aware of the course of events to which I'm referring.

I may use my sense of humour, my sore throat came about because I made a representation before the committee of adjustment at city hall to defend the residents of that particular area because the CNR is in the process of making a land transaction with the particular company to expand its industrial operation in that particular area. I think the situation is quite serious. If the minister is not going to intervene, even though I'm going to raise these particular concerns in the Legislature some time this week with the Minister of Transportation and Communications (Mr. Snow) to get involved in this issue.

Following a report from the city of Toronto planning board, it seems that even the municipality is not in agreement with the request for the transfer of this particular land belonging to the CNR which Mr. Wilkinson is trying to acquire.

Last Saturday I was in that neighbourhood and I didn't see any particular improvement.

I would like to draw the minister's attention to particular external situations which I witnessed there. The topsoil in the backyards is completely black. I don't know if the Minister of the Environment and his officials have been carrying on some kind of test analysis in relation to the particular contamination in the backyards of those people living beside that particular industry. I don't think they can use their land for vegetables.

You are very well aware that most of the people in that particular neighbourhood are using the backyard for growing vegetables, especially during the spring and summer-time.

In my latest remarks to the minister I made an appeal to the minister, saying that action and leadership should come from his ministry to solve that particular problem. The contamination there is quite visible; and, by the way, I am inviting the minister to go there and find out the extent of the disastrous situation existing there and the incompatibility between the industry I'm talking about and the residents' problems.

Next Saturday we're going to have a meeting. A lot of people have already left the area. They sold their houses in which they had been living. This situation should be prevented if the minister is going to propose strong recommendations to his officials in order that this situation may be stopped.

By the way, I'm kindly and respectfully suggesting to the minister that he is going to get involved personally in that particular issue. I want to just read the city of Toronto planning board decision. By the way, the committee of adjustment and the solicitors of the CNR decided to postpone the case tonight, and they have been going through this process now for a long time. In other words, they are waiting until the residents won't show up in order that they are going to make their specific request of a transaction with the blessing of the committee of adjustment.

If the Minister of the Environment is going to get involved in that particular issue to emphasize the external environmental problems faced by those residents and the contamination which is produced by this particular factory, then I will say thanks to the minister because he would be doing something good on behalf of the residents.

By the way, for the record, I have a report from the city of Toronto planning board, dated April 10, 1978. They are addressing this report to Mr. Charles Taylor, administrator and secretary-treasurer, committee of adjustment, main floor, city hall.

"I am writing in reply to your letter of March 22 concerning your committee's re-

quest that consideration be given to rezoning of the C3-V2 area to a residential category containing the site of the application at 81-89 Florence Street. Although it is appreciated that the existing boundary between the residentially zoned area and the industrially zoned area is somewhat problematic and further complicated by the existence of houses on the south side of Florence Street, the area bounded by Dufferin Street, Florence Street and the CPR tracks is now principally used for industrial or railway purposes. This pattern of land use is recognized by the official plan designation as an area of permissible industrial use. While it may be argued that the primary designation of a low-density residence area implies an eventual redevelopment of this triangular area for residential purposes, I would not recommend a change from the present C3 zoning category in the absence of a comprehensive plan for the entire block which would show the negative—and I want to emphasize that—"the negative environmental effects from the nearby rail line and any remaining industries, on a residential development would be overcome, in addition to the usual site planning considerations. Manufacturing operations on the site now include the blending of sand, graphite and clay and the grinding of coal for products used by the foundry industry. The major part of the firm's business is that of wholesale importer and distributor of foundry and sand-blasting supplies. The manufacturing operation would appear to be classified under the zoning bylaw as a 'miscellaneous non-metallic mineral plant' meaning."

[8:15]

I want to emphasize that besides this particular factory another plant exists there. I don't know the inside operation; they are packaging food in that particular industry which is just beside the foundry. I really don't know what is going on. The more information I get the more shocked I become in view of the present situation which exists now. Despite the remarks I made last week and the question I raised in the Legislature, I haven't seen any action, other than the gate door, which I guess, was immediately repaired the day after I raised the question in the Legislature.

Hon. Mr. McCague: What company are you talking about now?

Mr. Lupusella: Wilkinson Foundry Facing and Supply Company Limited.

I took a look inside that particular plant. It doesn't have any covered area, it is all open. The charcoal is located there; it is a

miserable situation. I invite the minister to immediately send some of his officials—even though they have been going in the past—to look particularly at the stocks and to take strong steps to clarify the situation. Although I received a report which you sent to me today, Mr. Minister, I am not quite satisfied, because it doesn't really describe the situation which exists there. Even though there have been some recommendations made by your ministry in relation to the problem, you should go there to find out what is going on. I don't think the recommendations which have been made—according to the report I received today—and from what you can see on the premises, represents the real problems which exist there.

The residents have been mobilized in the sense that they are more aware of the situation. We had a meeting last week, we are going to have another meeting tomorrow. I am keeping in touch with them and keeping them advised of the progress that will be made. But what I requested of the minister was a photocopy of the full file; I am not sure whether or not the minister will send me the photocopy of this particular file in relation to that company. I am especially concerned about the food company that is located beside this plant. I spoke to the owner of the food company and he is so concerned that he told me he was in the process of writing a letter to the minister about his concern over the contamination of the food which they are packaging in that plant.

As far as I know, the situation is quite serious. I raised this through the estimates and I raised the question in the Legislature. I really want to know from the minister what kind of action is going to be taken, and I would really like to know if the minister is going to send me a photocopy of the full and complete file in relation to investigations, in relation to recommendations which were made to that particular company and what kind of progress was made as the result of those recommendations. I don't want to prolong my argument, Mr. Chairman, but it is a serious problem.

I just want to read the issue which was presented before the committee of adjustment. I hope that the minister or someone is going to do it, or I am going to do it in the Legislature, I hope that the Minister of Transportation and Communications is going to get in touch with the CNR in order that this transaction won't take place there. The issue which is going to be dealt with by the committee of adjustment in the near future has been postponed twice now. I

quote from the city of Toronto committee of adjustment agenda: "In the matter of an application by the Canadian National Railways Company through their solicitors for permission to convey or mortgage a parcel of land known municipally as number 81 Florence Street separately from lands to the south of same, and used for railway right-of-way purposes; such parcel of land being comprised of part of park lot No. 30, concession 1 from the bay, and part of lots Nos. 3 and 4 on registered plan number 256 or 300 (York) and being shown more particularly on a plan attached to and forming a part of the application to the committee of adjustment." So I hope that the Minister of the Environment is going to get hold of this attached plan. The Minister of the Environment is supposed to show the position of the ministry in relation to the expansion of that particular industry; it's as simple as that. That's the kind of leadership which I was talking about. The minister should get involved in that issue in order that the problems of those residents are at least going to be relieved. I don't think there is time to deal with recommendations; in the meantime the plant is planning to expand the operation and to acquire more land from the CNR. So I don't think we are going to solve the problem.

We have had problems in the past, and we have problems now which haven't been solved, even though the Minister of the Environment has been making recommendations to make those improvements. I think that this plant, if you want to know my position, Mr. Minister, shouldn't stay on that particular site. It's as simple as that. I hope that you are going to take initiative and action in order that the soil is going to be replaced. The company is supposed to pay the damage which was created to the soil located in the backyards of the houses belonging to those residents. I would like to have a response from the minister, and know the plan of action which he is going to undertake, and I hope that his action is going to be initiated immediately because the problem is quite serious.

Hon. Mr. McCague: Mr. Chairman, I have a terrible time remembering everything that Mr. Lupusella has said about one particular problem in the last hour. I did forward some information to the member to lay in the House and I hope he appreciates that that was not information that was gathered since last Thursday night. That's what we had on our files. You want some information on Wilkinson foundry and you've been told by my staff that you will receive that

information by April 12. That is tomorrow and you will receive it. I don't recall your raising this issue in the House during my tenure as the minister. If you did, I apologize.

Mr. Lupusella: I want to correct the record, I confused the issue with Prestolite Battery Limited. I didn't raise this particular issue in the Legislature. I want to convey to the minister my apology in relation to this particular incident.

Hon. Mr. McCague: I wouldn't personally be attending the meeting you're having with your ratepayers. I would hope, on their behalf, you would bring the matter to our attention. We have been working with the company on various things which you'll be aware of when you receive the correspondence tomorrow. I think we'll leave it at that.

The whole matter you mentioned about whether or not they're going to expand is really not in our hands. If they get permission from the planning board or committee of adjustment, they would still require a certificate from us. If their performance was not satisfactory, we'd be very reluctant to issue them a certificate for expansion. With those things, I think we'll leave it. If you have some particular things you want to bring to my attention, either in the House or by correspondence, I'll get back to you quickly. I think we've spent enough time on that particular issue.

Mr. Gaunt: I have a couple of matters I want to clean up. With respect to the figures which the minister gave to me about the pulp and paper industry, we had some discussion about that last Thursday night.

Hon. Mr. McCague: For which I apologize.

Mr. Gaunt: Thank you. None of the figures happened to correspond. I'm grateful to the minister for providing these figures to me.

However, before I get into that, I want to raise a matter, for clarification purposes more than anything. You may recall, Mr. Chairman, that last Thursday night we talked about whether or not the ministry had had an industrial water pollution monitoring system. The minister, Mr. Ramsay and Mr. Barr indicated to me that they did some water quality monitoring. I think they said there was a water quality network whereby sampling from stations above and below major sources of pollution, whether they be municipal, private or industrial, was taken and this was part of the ministry's program.

I want to be clear on this. Is this stream monitoring as opposed to industrial discharge

that you're monitoring? Is that what we're talking about?

Mr. Barr: Yes, the reference I made the other night, Mr. Gaunt, was to stream quality monitoring rather than direct discharge monitoring.

Mr. Gaunt: Does the ministry do any direct discharge monitoring?

Mr. Barr: Yes, we do as well.

Mr. Gaunt: In certain cases you actually go to the end of the pipe and collect the data coming out of it?

Mr. Barr: Yes; and I think this came out earlier, we use data collected by the industry itself in conjunction with our own.

Mr. Gaunt: You do stream monitoring and you also do industrial discharge monitoring as well?

Mr. Barr: And municipal monitoring.

Mr. Gaunt: In what sort of proportion? Do you do roughly equal amounts of all three?

[8:30]

Mr. Barr: If we talk in terms of industrial monitoring, where this may relate to the larger industries where we have many outfalls in any one industrial complex, we rely more on industrial sampling, in other words samplings by the industry itself, and we will do spot checking to verify, if you like, the reliability or validity of their data. If we are looking at a one point source then maybe on a minor term the sampling would be done by ourselves. But in a complex with multiple discharges, multiple outlets, then we rely more on the industrial sampling and analysis, and our own work would be a spot check of that.

Mr. Gaunt: And how often would that spot check be done?

Mr. Barr: I would say it would be done annually at least, but maybe more often depending on the particular circumstances. It's not a regular type of exercise.

Mr. Gaunt: Based on the information you get from your stream monitoring, from the industrial discharge monitoring, whether it is by the industry itself or whether it is by your ministry, or a combination of both, or whether it is as a result of municipal monitoring; do you have what might be termed a monthly exception report—that is where you see a problem, where the pollution of a particular industry has gone up the situation is red-flagged and the data comes out of the computer? Although I gathered last time it was mentioned that not all of this information is computerized; some of it is just

collected and stored, I guess. Do you have a monthly exception report as such?

Mr. Barr: Not as such. There is data; there are millions of pieces of data. Some of this is computerized, but I suppose I have to be honest and say that it doesn't come out with a red flag when something exceeds a certain parameter, which is possibly what you are trying to get at. It is not as sophisticated as that. This would be the ideal and this would be the goal we are trying to achieve, that it would come out.

But as I mentioned the other night, Mr. Gaunt, the intent is not to flag changes in water quality or changes in discharges instantaneously. This is somewhat impossible in that the analysis itself is a time-consuming thing. For example, the BOD means at least a five-day interval and so even with the computer you are not going to be able to recognize a change in water quality instantaneously. This is not within our realm at the moment but changes do show over a period of time. This is, really, I think what we are trying to accomplish, as I said before—an inventory to show changes in water quality over a period of time and it might be months or a year.

I also indicated that if there are major upsets or changes in the discharge, which may be an in-plant upset, it is really the responsibility of the industry or the municipality or the private party to notify us under the legislation that there has been a change. This change could be picked up through on the spot monitoring.

Mr. Gaunt: So if I asked you for information, say for the last three months, as to whether the discharges from Abitibi in Thunder Bay or Kimberly-Clark in St. Catharines or Ontario Paper in Thorold or Esso down near Sarnia were going up or down or if there were any danger signals with respect to their industrial discharges within that period of time, could you give it to me?

Mr. Barr: Yes, we could pull out maybe most of that data. In particular cases it might be their data rather than ours, because our spot check may not come into that three-month period, for example. But we would have data for a three-month, four-month, six-month period for, say, Esso or Polisar and this type of thing.

As I say it may be their data rather than ours. We may or may not have a spot check in between there. But that data could be made available to you, yes.

Mr. Gaunt: I would be interested in getting data on the major industrial dischargers over, say, the past four months and learning

if they were up or down over their previous sampling period. I would just like to see it. I'd just like to try to get in my mind what the ministry operation is in this respect.

I have to tell you that I was interested in reading—and this really was the source of my questions the other night—the Great Lakes Water Quality Board report, 1975. On page 125 it says: "Surveillance and enforcement, compliance monitoring:

"Field inspection of industrial operations and treatment facilities includes evaluation of approved works and regular appraisal of facilities. A computerized industrial water pollution monitoring system"—that's where I got the term—"provides information on the amounts and characteristics of industrial discharges. Some 100 major industries are reporting into the system under the provision of the Environmental Protection Act.

"The system records data and sampling results submitted by industries and maintains a record of waste loads and plant performance tested against limits set by the ministry. Follow-up action based on a monthly exception report is taken by the ministry operation staff. Summaries of data are now available by industry, classification, body of water, and contaminant."

I was interested in that because really that was the point I was making in my opening statement where I said that this kind of information was vitally important. Indeed, the IJC recommended at its December meeting in 1976 that all government agencies, including this ministry, collect, analyse, disseminate data on sources and environmental distribution of persistent toxic substances in the Great Lakes system.

The same report also urged jurisdictions to identify raw materials, processes, products, byproducts, water sources, and emissions involving, as a priority, persistent toxic organic substances. It further suggested that governments collect quantitative data on these substances, together with recommendations with respect to their handling, uses and disposition. All of these specific recommendations were subsequently incorporated into the Water Quality Board's annual report to IJC in July 1977.

The information which the ministry sent to IJC, which they incorporated into their 1975 report, was that you had a computerized industrial water pollution monitoring system and that you had a monthly exception report. Am I to take it that that's not entirely accurate?

Mr. E. W. Turner: Turner, pollution control branch.

Mr. Gaunt, we have a system but it is not fully operational at the present time. We are inputting data to it, but we're having a great deal of difficulty in getting the kind of reports that you referred to out of the system. It would be embarrassing to me if you were to ask for an exception report for last month, for example. I don't think I could give it to you right now.

Mr. Gaunt: Then what you indicated, Mr. Minister, to the IJC in 1975—this is 1978, three years later—that system really still isn't operational.

Mr. E. W. Turner: It has been operational from time to time, but we continually run into problems with the computerized system. Right at this point in time it's not operational. We're trying to get it going again as soon as we can.

Mr. Gaunt: So I gather that your report to the IJC in 1975 was sort of a futuristic one. This is what you had hoped to do.

Mr. E. W. Turner: I think that is a fair comment, yes.

Mr. Gaunt: What's the major problem with the computer and the data in and the data out?

Mr. E. W. Turner: I don't want to get too technical, but essentially it boils down to errors on the information that is received and the lack of manpower and resources to correct those errors so that the computer is able to handle them and just not reject everything.

Mr. Gaunt: The data you receive with respect to industry?

Mr. E. W. Turner: Yes, from industry.

Mr. Gaunt: You are suggesting then that the data you get from industry from time to time is not entirely accurate?

Mr. E. W. Turner: No. The data has to be submitted in a special format. If errors are made in simple things, such as decimal points or the wrong coding and things of this nature, the computer just rejects that information. It then requires somebody to sort through all of that and find out where the error was, get it corrected and then re-input the information into the computer so that the computer can handle it. That turns out to be a rather large task.

Mr. Gaunt: Maybe that accounts for the problems we've had with these figures in terms of suspended solids and BOD counts for all of the pulp and paper plants in the province of Ontario. That brings me to another point; I was interested in comparing the figures the minister gave to me yesterday in this respect. First of all, I want to clear up

the matter of Abitibi. When you were dealing with Abitibi and when you submitted reports to the IJC with respect to Abitibi, what three plants did you include? There's Abitibi Paper Company Limited at Iroquois Falls, Thunder Bay, Fort William, Sault Ste. Marie and Smooth Rock, and Abitibi Provincial Paper at Thunder Bay and Thorold. What three plants did you include in that data?

Mr. Barr: I think, Mr. Gaunt, that IJC is only interested in the international waters or Great Lakes waters. They would probably be the three Thunder Bay mills.

Mr. Gaunt: It would be Abitibi Paper Company Limited, Thunder Bay, and Fort William divisions and Abitibi Provincial Paper at Thunder Bay.

Mr. Barr: Yes.

Mr. Gaunt: With respect to the figures which the minister gave me in respect to those three mills, first of all, let us take suspended solids at those three mills. The Abitibi Thunder Bay mill had suspended solids of 14,400 kilograms, or in other words 14.4 metric tons.

Hon. Mr. McCague: Are you in Thunder Bay?

Mr. Gaunt: Yes.

Hon. Mr. McCague: You are high, aren't you?

Mr. Gaunt: I'm sorry. In 1976 it was 11,500 kilograms or 11.5 metric tons, which comes to 8.3; but in the IJC report it comes to 11.5. Let us take BOD for the same mills. In 1976, there were 64,500 kilograms or 64.5 metric tons. With respect to the figures the minister gave me, it comes to 77.2. It came to 107.8 in 1975 but is 77.2 as against 64.5 in the IJC report. How does one account for those differences?

[8:45]

Hon. Mr. McCague: I thought you mentioned the Thunder Bay Abitibi plant, the Provincial Paper one. You weren't referring to that? You're adding the three together?

Mr. Gaunt: No. I'm adding the three together because Mr. Barr had indicated that the data is collected from the three plants, which are boundary plant. For reporting purposes you would take all three plants and add them together.

Hon. Mr. McCague: Right.

Mr. Gaunt: Your figure for 1976 with respect to BOD, the information you submitted to IJC, is 64.5 metric tons. The information I got yesterday from you indicates 77.2 tons.

Hon. Mr. McCague: Mr. Gaunt, I'll have to ask some member of staff to rationalize those.

Mr. Barr: Can we go through the individual ones, Mr. Gaunt?

Mr. Gaunt: All right. I don't want to take a lot of time. I just want to be sure that the information I'm getting and that IJC is getting is comparable information. Based on what I have before me, it isn't. I want to be able to reconcile the differences. If you take Fort William Abitibi and Abitibi Provincial Paper Thunder Bay and add those figures together, for BOD count, it comes to 77.2 metric tons.

Mr. Barr: I have 75.1, but we're pretty close.

Mr. Gaunt: Okay. I have 24 for Abitibi Thunder Bay.

Mr. Barr: I have 26.9 there.

Hon. Mr. McCague: You're talking about 1976.

Mr. Gaunt: I'm talking about 1976. It's 26.9 for 1977.

Mr. Barr: All right. I was doing 1977.

Mr. Gaunt: Fort William is 26.3 and Abitibi Provincial Thunder Bay is 26.9. That comes to 77.2, but in the IJC report it's 64.5.

Mr. Barr: For 1976?

Mr. Gaunt: For 1976. For 1975 it's 88; for 1976 it's 64.5.

Mr. Barr: For the IJC 1976 data, which is probably 1975 data carried over into 1976—in other words, it could have been for part of 1975 and part of 1976 because of the time reporting situation—there may be discrepancies there. We may possibly have taken nine months out of 1975 and three months out of 1976 and reported it as 1976 data for IJC purposes.

We're close, Mr. Gaunt. We may be out two or three tons here or there. Looking at the calendar year that may be the discrepancy.

Mr. Gaunt: The same applies for suspended solids.

Mr. Barr: Yes.

Mr. Gaunt: We're not in agreement there either. It's 8.3 in 1976 and 11.5 in the IJC report.

Mr. Giles: Excuse me, Mr. Gaunt. It's 10.3 in the figures, I think.

Mr. Gaunt: I'm sorry, 10.3 you're quite right. It's 11.5 in the IJC report.

Mr. Barr: It's the time-frame for IJC reporting as opposed to the table you have, which is the calendar year. We've adjusted it for IJC purposes, because when we reported

there we wouldn't have the full 1976 data, so we used some of 1975 and some 1976 data to make up the 12 months.

Mr. Gaunt: In 1976, with respect to American Can at Marathon, the BOD counts are exactly the same—19.9 in both reports—but with respect to suspended solids, it's exactly the same as well—

Mr. Barr: Seven point seven.

Mr. Gaunt: That's right, the 1976 data on American Can is exactly the same in the information here and in the IJC report. So am I to assume then that that data was taken on the calendar year?

Ms. Gigantes: They just produce the same amount per month.

Mr. Giles: Or it may have averaged out the same over the period of time. Over the two periods of time it may have averaged out to the same figure.

Mr. Gaunt: I am taking Domtar as another example. Domtar BOD is 11.5 in the IJC report; it's 11 in the information the minister gave me. Suspended solids is 5.8 in my information here, and in the IJC report it is 5.7, which is very close. I just wanted to clear up that matter. It boils down to a case where some of this information that is given to the IJC is not given on a calendar basis, it is given whenever you get the information and submit it to them.

Mr. Barr: In some cases, Mr. Gaunt, we have averaged nine months of data, showing it as 12 months, which will also show lower figures because of the lack of data for one reason or another. This is somewhat of a misinterpretation, if you like, if we have taken nine months of data and averaged it out over 12. We should have probably averaged it out over nine months, but it has been done that way. So there is a discrepancy; but I think the ball park figures are comparable.

Mr. Gaunt: I just wanted to make a few comments with respect to these figures and put it in the perspective that the ministry has set certain objectives for these industries; and in terms of what has been happening the last few years we really aren't making any progress in this particular field.

When I counted up the number of companies which were higher in 1977 than they were in 1976 in terms of suspended solids, there were 10 pulp and paper companies in the province that had higher counts in 1977 than they had in 1976. In terms of BOD, there were 12 companies that had higher counts in 1977 than they did in 1976. It makes me wonder what kind of so-called progress we're making in this regard when

I take a look at some of these figures and then compare them to the 1965 ministry objectives.

For instance, in regard to Abitibi, Iroquois Falls, the suspended solids in metric tons per day in 1977, 36.3; in 1976, 17.2. And the ministry 1965 objective was 4.8. Abitibi, Smooth Rock Falls—in 1977, 6.4; in 1976, 5.9; the ministry objective is 2. Let's go down a bit; Great Lakes Paper, Thunder Bay—1976, 18.9; 1977, 17.5; the ministry objective, 8.5. In 1976 the CIP Hawkesbury plant, 1.9; in 1977, 9.4—something happened there—and the ministry objective, 5.8.

My point, I guess, is that we are not making any substantial progress in this field at all. When I take a look at these figures, I have to ask, do they make the minister happy? Do they make him contented? Do they make him satisfied? Do they tend to indicate to him that his pollution laws in this province are "plenty stiff"? I would hope not, because we have a long way to go in terms of pollution abatement with respect to the pulp and paper industry in this province.

I don't want the minister to come to me and say, "the pulp and paper industry just simply can't afford to move too quickly." In the Donnan report they indicated that the pulp and paper industry could afford the measures to clean up their act. Last year Abitibi had an increase in their after-tax profit of 287 per cent. Surely they can afford to make some additional improvements over and above what they are making here and the progress they are showing here.

When I take a look at some of these figures, I tend to despair that we're really making any progress in this field at all. When I look at some of the chemicals and the hazardous substances that are being discharged into our lakes and into our streams, I think that we should take these matters much more seriously than we do. I read a report not too long ago based on the World Health Organization, which had done considerable study in the matter, that 80 per cent of the malignancies in the developed countries were because of chemicals in our atmosphere or in our waterways or some other source. They were then moving into the food chain and being ingested by human beings, either by inhalation or by normal ingestion through the digestive tract.

In the IJC report of 1975 you state that you have an industrial water pollution monitoring system, and three years later the system still isn't working and we can't get a monthly exception report because the computer doesn't work properly and the information in doesn't correspond with the information out, or what-

ever. I really make the plea to the minister that one of the things, and certainly in my view a major thrust that the ministry should be taking at this time, is to take this matter of industrial discharges seriously. It should undertake a much more intense monitoring program; not on the basis of having the industry submit their reports and you monitor those reports perhaps once a year, but I would suggest that it should be done by your ministry, perhaps quarterly, maybe even more often than that.

I think we have now reached the point where some of the chemicals being discharged by industry into our environment in one form or another are reaching very serious proportions. I'm concerned about it and I hope the minister is too.

[9:00]

Hon. Mr. McCague: Mr. Chairman, in view of the fact that the member has already given notice that I might offend him by giving certain answers, I won't give him any answers except to say that it's good advice and we'll see what we can do.

Mr. Gaunt: When did I say I would be offended? I'm never offended. I've got a skin as thick as an elephant's hide. You'd never offend me.

Mr. Wildman: Did you say skin or head?

Hon. Mr. McCague: Can you prove that?

Mr. Gaunt: I'll leave that to your judgement.

Hon. Mr. McCague: I think Mr. Gaunt gave notice that there were certain answers he didn't want. In case I give him some more he doesn't want, I'll take his comments as advice and we'll do the best we can.

Mr. Chairman: I left my skin gauge at home tonight, so I can't measure it.

Mr. Gaunt: The minister has lost me. I didn't realize I'd indicated there were certain answers I didn't want.

Mr. Haggerty: The minister is embarrassed.

Hon. Mr. McCague: It's probably the first time anybody has agreed to listen to some of your advice. I say that sincerely.

Mr. Gaunt: If the minister has agreed to it, I'll take it any way I can get it.

Ms. Bryden: I agree very much with the previous speaker that the question of industrial abatement is one of the most important subjects we're discussing in these estimates, probably second only to the question of how environmental assessment is working, since that's the cornerstone of the Act. Whether we're controlling industrial abatement is the second most important question, in view of

the fact that more and more new chemicals are constantly coming into our knowledge and into use, and new technologies which combine them in different forms. Recent surveys of our air, our drinking water and our fish in the Great Lakes have all shown alarming pollution by highly toxic and dangerous contaminants. It's an area we certainly must be looking at very carefully.

Steven Jellinek, the new EPA assistant administrator for toxic substances in the US, at his confirmation hearing said that his objective was "to protect public health and the environment by preventing problems before they occur." It seems to me that is certainly what we should be looking at.

In a recent speech at a conference on the environment and jobs held under the auspices of the Canadian Labour Congress, Professor R. C. Paehlke of Trent University had this comment to make: "Consider what might have happened had Ontario forced Inco and Falconbridge to clean up back in the mid-1960s when we first knew something of how hazardous their effluent was. It would have been expensive but they surely wouldn't have closed and they might well not have had so many dollars to invest in the Dominican Republic, Guatemala and Indonesia."

Mr. Laughren: As long as they had as much money to run their campaign.

Ms. Bryden: "Would there then now have been a nickel glut and layoffs?" I think that's certainly a very pertinent question.

Mr. Paehlke also went on to say that the pulp and paper industry produces well over half of Canada's water pollution, as we've just heard from the previous speaker. He said: "When things are looked at closely, it's clear most industries can afford a clean-up, and cleaning up adds jobs. Threats of closure, cutback and expansion foregone for environmental reasons are just that—threats. A well-delivered threat to unions, environmentalists, politicians and public can often make a company a lot more money than good product design, sound management or even creative tax accounting." With that sort of warning, I think we should be looking at this problem with considerable concern.

I noticed in the minister's recent speech on waste management to the Association of Counties and Regions of Ontario, he mentioned that our new hazardous substances section was developing a list of potentially hazardous substances which it was concentrating on. I'd be very interested to receive a copy of the short list of substances which

are deemed to be of prime concern at the moment.

The US Environmental Protection Agency is also developing its so-called short list and there are something like four million chemicals in the chemical abstract service in the US, but the EPA is concentrating on approximately 50,000 chemicals—under their administration of their Toxic Substances Control Act they are trying to concentrate on those particular chemicals. I just wonder how many our hazardous substances branch is concentrating on in order to follow this advice that we should be preventing problems before they occur.

We have seen what's happened in the past with rather alarming stories like the one over the weekend of cancer clusters in certain towns such as Rutherford, New Jersey, where they have discovered 16 leukemia cases even though there doesn't seem to be any particular reason why there should be a cluster there; and there are other cluster incidences. The cancer map that was published in Weekend Magazine indicates that everybody should move to Saskatchewan if they want to avoid cancer. Living in Ontario and Quebec and in parts of the Maritimes is highly hazardous.

Again, a lot of this, Mr. Chairman—

Interjection.

Mr. Wildman: One speaker at a time please.

Ms. Bryden: —is unexplained—the causes of these particular concentrations of illnesses like cancer—and because it is unexplained it is all the more reason why we must be spending a great deal of time in trying to find out the effects of these hazardous substances in our environment.

I think the question of how to deal with liquid industrial wastes is perhaps the key one for the ministry, mainly because we don't know what's in them and we don't know how to get rid of them. At the moment, I believe, we are generating about 40 million gallons of liquid industrial waste in this province. We are disposing of some of it at the Beare Road site in Toronto—about three million gallons annually, I think—some at the site on Upper Ottawa Street in Hamilton. Both of these sites, I gather, are really full and should be immediately phased out, but we don't seem to have alternatives coming on stream, although the ministry has known for several years that these were full and had to be phased out.

The Nanticoke waste disposal plant is still under study I gather and it is not clear yet whether it will be feasible. The ministry's

report on it was, I would say, sort of cautiously approving but said that there must be protection, that the leachate must be treatable in sewage plants and that the well water in the area must not be affected. If certain conditions can be met the report seemed to indicate it might go ahead. The local citizens are not convinced that these conditions will be met yet.

Tricil is operating two plants in the province, but of the stories that come out of Mississauga, one that I hear is that it is not operating very well. It is producing a good deal of odour and some emissions that are concerning the people and there have been a number of charges laid against them, so it is far from being a satisfactory plant. The question is will it ever be or was it badly designed?

Another idea for disposing of this material is export, but that means trucking it all over the province and some of it may be hazardous. We don't have very good rules for controlling the trucking and rail carriage of hazardous substances.

Other ideas include waste exchange; one man's poison can be another man's useful product, it's the same with industry. We're using it for fuel and certainly that is the way we should be looking at the recycling and the reuse of these liquid industrial wastes.

The thrust of the ministry seems to be that you leave this to private enterprise, because basically they have generated it and they should dispose of it. I would agree that they should pay for the disposal of it, but private enterprise doesn't seem to have come up with sufficient facilities for disposing of liquid industrial wastes in this province.

I would commend to the minister what is being done in Sweden, which is that the central government and the local governments set up a jointly-owned company called SAKAB, which disposes of all hazardous wastes unless a particular industry is licensed to dispose of its own, and sell the product as far as it can. It seems to me that sort of centralizes the problem, brings all the expertise together and deals with the problem as a unit. It's something we might look into.

The ministry took belated action in setting up a task force to study what to do about the Beare Road site—it was just late March when it was set up; similarly, the task force with the Canadian Manufacturers' Association was also set up in late March. This indicates that they are starting to study this problem several years after they should have started. I hope that by the time of the next estimates we'll have seen a lot more action in this field.

In addition to finding ways of suitably disposing of liquid industrial wastes we do need

much greater enforcement of our present waste management rules. I'd like to ask the minister what is happening on the Hidden Valley situation, near Huntsville. For instance, has a dump been permitted since January 1, 1978? Does the injunction still stand which the local citizens obtained against the dumps? Is the inn now planning a more acceptable system, since the old spray system has been ruled out by the Environmental Assessment Board? If a spray system is not allowed and a dump is not allowed, what sort of system is going to be developed for the Hidden Valley resort area?

This seems to be one of these insoluble problems that the ministry has let drag on, and the local environment is being threatened if no alternative—to the old spray system is developed.

Hon. Mr. McCague: Pardon me, what were you saying was let drag on?

Ms. Bryden: The question of what to replace the spray system with at Hidden Valley. Presumably a dump system is only an emergency to relieve the lagoons.

I'd like to also ask where we are on the Reed control order for the Dryden plant, which expired in December 1976 and hasn't been replaced by a new order. I don't think they have completely met the old order. Has a new order been drawn up or imposed, or is it contemplated, and when do we expect that the Reed plant will meet the conditions that were set forth originally in the 1970 order which was extended at various times to December 31, 1976?

I'd also like to ask this: The other day in the House the minister said that the 1965 guidelines for the pulp and paper industry were not really intended for regulatory purposes. I quote what he said.

"It should be noted that these objectives were not produced for regulatory purposes. They were developed for a special internal study in 1973 to permit rough estimates to be made of the ultimate cost of pollution abatement facilities to deal with these two effluent parameters alone,"—suspended solids and BOD "and to put some degree of perspective on this cost and the overall environmental problem associated with the industry."

[9:15]

If these objectives, which were reproduced in the Victor and Donnan report were not produced for regulatory purposes, what are the minister's objectives for regulatory purposes in the field of suspended solids and BOD as well as other waste water factors, which he mentioned they were going to start counting for the cleanup of the pulp and

paper industry and of the waterways that have been seriously polluted by it? We don't seem to have any very clear picture. Certainly those guidelines appear to be so different from what is being allowed right now that one wonders how serious they were when they were put there or whether the ministry has any intention of ever reaching them and why they were chosen.

For instance, as far as suspended solids go, the discharge from the mill with the top level of discharge in 1977 was seven times more than the guidelines state. As far as BOD goes, the discharge from the mill with the second highest discharge, Great Lakes Paper, was about seven times more than the guidelines state. Those mills were a long way from the standard guidelines. If we are going to try to clean up the waters, we have got to have some very definite guidelines that can be set as objectives for the ministry. As the previous speaker mentioned, in the case of a lot of these mills, their discharges have actually gone up since 1975 instead of going down.

I would like also to ask what kind of regulations the ministry is developing for the handling of contaminated liquids, soils, et cetera, and for the handling of liquid industrial wastes; both in moving them into disposal sites and disposing of them and for the transportation of them in cases where they do have to be carried on our roads and our rails. I know we have the waybill system where the carriers have to report what they are bringing in and the disposal companies have to report what's being disposed of. I would like to know is any monitoring being done of these reports or are they just accepting the forms that are filled out by the haulers and by the disposers.

If we do know what is going in and is being disposed of, do we know exactly what is coming out in the leachate, whether the sewage plants can handle it adequately or whether there are dangerous residues being dumped through the effluent from the sewage plants.

Finally, I would like to ask the minister what sort of research he's doing to replace the use of very highly toxic substances in our industries and in our general environment and, as Mr. Jellinek said, to make an approach of prevention of the problem before it occurs so that we don't have the very dangerous chemicals being used but we test them before the new ones are taken into industry.

I suggest that this sort of research into seeking replacement and new technologies that would be less hazardous could be very

job-creating. We might be able to lead the world in some of the things that we find to replace some of the highly toxic substances now being used. Those are my main questions.

Hon. Mr. McCague: Regarding the speech you referred to in your opening comments about the problems of whether or not industries can afford to do what most people would expect them to do, I think earlier in these estimates I acknowledged on at least one occasion, and maybe two, that is always a very difficult area as to whether or not they can afford to do it.

I am sure the ministry feels it persuades the companies to do what it feels it can. It is always a very difficult thing to know whether or not you are being conned. As you know, the pulp and paper industry has been fairly flat for the past two and a half or three years. There are signs of hope for them, especially with the devaluation of our Canadian dollar, and we hope we can press ahead some more corrective measures in the coming year.

As far as the Beare Road site is concerned, you mentioned that the Beare Road site and the Ottawa Street site in Hamilton were basically overloaded. You also mentioned the Anticoke site, which is the subject of an environmental hearing. The hearing has been held, and we do not yet have a report as to the results of that.

It would be nice if we could close the Beare Road and Ottawa Street sites. We are working on a continual basis to try to come up with some alternatives that would allow us to close those sites. I am not sure we are at that point yet. On both those matters there is considerable discussion on the record now.

As for the Tricil site in Mississauga, there were complaints of odours and smoke, as you mentioned. There was a bad design, you say; I don't necessarily agree with that. We do have some orders against them and we hope, because of those, that the situation will improve.

You mentioned the matter of export and the matter of transporting the waste materials, some of them hazardous. At this point, I don't know the answer to that, but exporting them requires quite a few miles. There are members here tonight who have suggested there should be one disposal site in the province. That again involves a lot of transportation, a lot of miles, which may be of concern to some people. We're working at it, but it is a very difficult problem, as I suggested to you the other evening.

As far as the groups of chemicals and a list are concerned, we did go over a list of chemicals the other night. I forget the figure you used of how many there are. How many did you say there were?

Ms. Bryden: There are four million on what is known as the Chemical Abstract Service in the United States, which lists all chemicals.

Hon. Mr. McCague: I have only memorized a million of those so far. However, as I think was explained to you the other night, we do have some information and studies we are doing on quite a few of them, but of course they are grouped in categories. We went through the categories the other evening. If you like, I will get you a list of the groups of actual chemicals that we are working on, which I cannot give you now because of the groupings as I have them listed at present.

Ms. Bryden: Yes, I would like that.

Hon. Mr. McCague: As far as the waste exchange, the recycling and the reuse is concerned, the Ontario Research Foundation does have a list of those, which I don't have with me tonight. As far as the central and local governments getting together in Sweden to handle the disposal of all hazardous wastes is concerned, that is an area that this ministry has looked at and one that we will continue to look at. It's true the Canadian Manufacturers' Association and the people who are actually producing these liquid wastes and the municipalities in which these liquid wastes are being produced are all much more serious about the matter of disposal than they were a year ago, and my emphasis would be to keep them on that track of being interested.

As far as Hidden Valley is concerned, there has been no discharge during the past winter. Does the injunction still stand? Yes. And what does the Environmental Appeal Board say? Under date of April 7, "The Environmental Appeal Board hereby confirms the sewage works approval certificate dated September 26, 1977, and issued by the director, Ministry of the Environment, to Hidden Valley Inn Limited with the following alterations. Conditions numbers one and two on the above sewage works approval are hereby revoked and the following conditions are substituted:

"1. The effluent shall be retained in holding pond number four for a period of one year prior to treatment and discharged once yearly in the spring or at a time of year to be determined by the Ministry of the Environment;

"2. The discharge of effluent shall be carried out under the supervision of the Ministry of the Environment in accordance with the requirements of the ministry. The path of the discharge from holding pond number four into

Fairy Lake shall be determined by the appellant and the Ministry of the Environment to the satisfaction of the Ministry of the Environment.

"The appellant, Hidden Valley Inn Limited, shall bring the existing sewage lagoon and holding pond up to the standards required by the Ministry of the Environment and shall maintain the sewage works in accordance with the requirements of the ministry."

Ms. Bryden: What was the date of that order?

Hon. Mr. McCague: April 7, 1978.

Ms. Bryden: One question on Hidden Valley; does that mean they will develop a replacement for the spray system which will be a combination of lagoons and with certain amounts of discharge once a year?

Hon. Mr. McCague: My understanding would be different to that.

Mr. Barr: The intent of the decision of the appeal board is to permit a once-a-year discharge which would forgo the need for spring irrigation.

Ms. Bryden: And do you think that discharge will go into Fairy Lake, and what will it have in it?

Mr. Barr: That again is considered in the decision of the board which would permit the discharge into Fairy Lake.

Mr. Wildman: What do you expect will be the effect at Fairy Lake?

Mr. Barr: None. This was established through two assessment board hearings and the appeal hearings.

Ms. Bryden: But it will be treated only by being in a lagoon. It will not be treated in any other way?

Mr. Barr: No. It will be treated chemically with alum prior to discharge.

Ms. Bryden: And you think that should make it harmless for Fairy Lake?

Mr. Barr: Yes. We've done it once before and proved the effects from that discharge.

Hon. Mr. McCague: With regard to Reed, Dryden, there has been no new order issued at this time. We are considering it. I would think there would be a new order within the next 30 days.

[9:30]

Ms. Bryden: Will it basically require what was required in the earlier order or are you changing it substantially?

Hon. Mr. McCague: Let me not make a mistake. John, do you want to speak to that?

Mr. Barr: Yes. Ms. Bryden indicated the existing order has expired and the minister

has indicated a new order is being considered. We would expect the new order would contain the same requirements that were stated in the earlier order.

Hon. Mr. McCague: In 1977 you mentioned one pulp and paper mill that was seven times the guidelines, and I didn't catch which one that was and didn't have time—

Ms. Bryden: That was Abitibi-Iroquois Falls. That was on suspended solids. The 1965 objective was 4.8 metric tons, and in 1977 36.3 metric tons were being discharged.

Hon. Mr. McCague: It's true that in the period 1975-77 there has been no real change in the discharge of suspended solids. The control order requires satisfactory improvement in these two items, the items being BOD and suspended solids.

Ms. Bryden: Do you think those 1965 objectives were unrealistic?

Hon. Mr. McCague: They were guidelines. Maybe—

Ms. Bryden: We seem to be a long way from them.

Hon. Mr. McCague: Mr. Sharpe just mentioned they're under prosecution now, but Mr. Barr, would you like to elaborate on that?

Mr. Barr: You are correct, Mr. Minister. We have prosecuted Abitibi-Iroquois Falls and the case is under appeal now by ourselves. The mill is under order, which has been served and finalized, which will look after both BOD and suspended solids.

Ms. Bryden: Then on the BOD, it was Great Lakes Paper at Thunder Bay which was about seven times the 1965 objective on BOD.

Hon. Mr. McCague: The discharge increased because of construction and startup problems of a new Kraft mill. As you know, the new mill pioneered the Canadian closed process effluent concept. Early 1978 inspections confirmed the expected effluent improvement. Under the order, the old Kraft mill would be converted to this new technology.

Ms. Bryden: Then that should greatly improve the BOD discharge, I hope.

Hon. Mr. McCague: So do I.

Ms. Bryden: It was 102 tons per day in 1977.

Mr. Wildman: Hasn't the Iroquois Falls mill been operating that way since the 1930s? Continually putting off improvement?

Ms. Gigantes: Must be Iroquois Chunks, wow.

Mr. Haggerty: Somebody's nodding his head over there. Is that right?

Mr. Wildman: Is that right or wrong?

Hon. Mr. McCague: That's correct.

Mr. Wildman: That's what I thought.

Hon. Mr. McCague: Would somebody comment on the handling of contaminated soils, contaminated wastes and the monitoring of waybills? Mr. Turner.

Mr. E. W. Turner: I believe I commented earlier on the waybill situation. We do process the waybills manually and we abstract the information. I believe I provided information to Ms. Bryden from that system.

Ms. Bryden: No, my question was, do you actually do any testing of the truckloads as to whether what they're reporting is really what's in the truck? And the same goes with what the companies report they disposed of: do you actually test periodically to see that they are really disposing of just waste oil and not oil with PCBs in it?

Mr. E. W. Turner: I think I would have to answer that by saying no, other than the occasional random check that is carried out by the regional operations people. But essentially the answer is no.

Ms. Bryden: Wouldn't it be desirable to do more frequent checks, because people are concerned as to what is coming in and going out at these waste disposal facilities?

Mr. E. W. Turner: I think this will be part of the program that we will develop. The initial reason for establishing the waybill system was to try to determine what is being generated and disposed of as waste in the province. Having that basic information we can then plan a program for the handling and disposal of these materials, and part of that obviously would be checking in greater detail exactly what the material is.

Ms. Bryden: Otherwise you're just taking the word of the people who are handling it and they may not have the same motivation as you have to find out, or to let you know exactly what's going in and out.

Mr. E. W. Turner: One of the problems you yourself mentioned; there are some four million compounds. One of the real problems is just exactly what do you analyse for? This is something we have to come to grips with.

Ms. Bryden: You might at least start with our short list of hazardous substances.

Mr. E. W. Turner: We might well do that.

Hon. Mr. McCague: We are. I would only want to add a short comment that there has been more testing of contaminated wastes in

the past two months than in any two-month period prior to that. Will you accept that?

Ms. Bryden: It shows the new minister is already changing things.

Mr. Gaunt: He's a tiger.

Hon. Mr. McCague: Okay. The next question was, what is in leachate and can it be handled in sewage treatment plants? We are testing leachate and we are convinced it can be handled in sewage treatment plants.

As far as replacements for toxic substances goes, I think you'll well appreciate that there are four million chemicals and we are concentrating on an awful lot less than that. We are mounting studies on a continual basis. I guess the major one we're at now is at Lakehead where we are testing five replacements for PCBs. There is more work to be done on this and as the manpower and funds are available, we will be doing those studies.

I'm sure I missed some of your questions, but—

Ms. Bryden: I think most of them were answered. Anyway, more has been done in the last two months than in the previous seven years. I hope the minister will continue the progress and maybe we will get some of these things dealt with. There's a lot of catching up to do.

Mr. Lane: Mr. Chairman, I would need a little bit of freedom to range over not only this item but maybe items 3 and 4, because the question I'd like to ask maybe would start on item 4 and wind up back on item 2. Would it be possible to have that kind of flexibility?

Mr. Chairman: What's that?

Hon. Mr. McCague: Don't let him wander all over the place.

Mr. Lane: Come on, here. I said the question I want to ask would probably start down on item 4 but I think it will wind up back on item 2. I know what's going to happen if you close off item 2—the minister will say I can't answer a question on item 2 because it's already been—

Mr. Chairman: We're dealing with industrial abatement right now, Mr. Lane.

Mr. Lane: Okay. The question I want to ask is about the packaged sewage treatment plants that I understand are available for municipalities and small communities.

As you people know, we have a very serious housing problem at Elliot Lake at the present time, and regardless of what happens through the environmental hearings, and regardless of how fast that new town site comes on stream, we're going to have to have some mobile home parks developed up there to

provide housing for people who are already there and who are coming there daily.

Ms. Gigantes: Wouldn't this come under the municipal abatement vote?

Mr. Lane: That's what I said, darling, but I said I'd like to range back to item 2 before we closed it off.

Ms. Gigantes: Do you object to him calling you "darling," Mr. Chairman?

Mr. Chairman: We'll strike that out of the record. He's a very loving individual.

Go ahead, Mr. Lane.

Mr. Gaunt: What's your objection?

Ms. Gigantes: I have none. I was just wondering whether the chairman objected. It's very informal.

Mr. Wildman: Very few would call Ed Havrot "darling."

Mr. Chairman: I wouldn't want to bet on that. Go ahead, Mr. Lane.

Mr. Lane: In any case, I made the remark that I wanted to get back to item 2 before we closed it out, so I think maybe—

Ms. Gigantes: I have questions that relate specifically to item 2.

Mr. Lane: So do I. But I can't start there.

Mr. Haggerty: Try it.

Mr. Lane: To get back to what I was saying before I was so rudely interrupted by someone making love to me, we have to have some municipal development up there in the line of housing. We can't build houses fast enough, even if the board agrees we can go ahead at all, and it didn't last year. The only way I can see that we can satisfy the housing problem is to have mobile homes in parks of maybe 100 or 200 in a park.

I understand these package sewage treatment plants that are available and are made in this country go into the ground fairly easily. The question I am asking is, would they be suitable for that kind of development? How I want to relate it back to the present vote is that at some point in time it is my hope and—

Mr. Haggerty: That is the next vote.

Mr. Lane: —the hope of the council of Elliot Lake that we will have housing to satisfy the need. At that time, these trailer parks could probably become industrial parks. So I want the answer to two questions. Would these package sewage treatment plants satisfy the need for a mobile home park, say, for a five-year period, if that's how long we need it? Then we could have an industrial park where we would have some industrial waste to dispose of which could be handled through

the sewage treatment plants. That's how I'll get back to item 2.

Hon. Mr. McCague: The answer is yes, they would serve that purpose. The only point that would be difficult is they don't go into the ground that easily if it's all rock.

Mr. Lane: There is some sand from some gravel pits.

Hon. Mr. McCague: They would go in easily then.

Mr. Wildman: There are some parts in my area that are already gravel pits, and you haven't done much about improving the sewage problem there.

Hon. Mr. McCague: That wasn't the question.

Mr. Wildman: I know.

Mr. Lane: Pricewise, are these package plants in the ballpark for sewage treatment?

Hon. Mr. McCague: I am not sure what you call "in the ballpark."

Mr. Lane: I mean in comparison with putting in a lagoon site and a regular sewer system which would take a lot more time and, I suspect, a lot more money. I am just asking some questions on something that is reasonably new in the north.

Mr. McIntyre: The consultant for the municipality has recently submitted to us an application for approval for essentially a package plant. It is my understanding it is the intention of the municipality to utilize this plant. After they get the plant they intend to use for stage two of their town in operation, they would take this plant out of service and, as I understand it, they propose to use it for an industrial park some time in the future. Does that answer your question?

Mr. Lane: You have already looked at what I am suggesting, then.

Mr. McIntyre: The consultant for the town has done this.

Hon. Mr. McCague: Are they reasonable?

Mr. McIntyre: As much as anything is in this day's world, yes.

Mr. Lane: Let's compare costs for a moment. In the town of 700 people where I live, they were putting in a sewage treatment plant this year, a lagoon-type operation, and the cost is going to be about \$2.3 million. Would the package treatment plants be considerably cheaper for an area that size, or would they handle an area that size?

Mr. McIntyre: With regard to the size of the plant they are looking at in Elliot Lake, we did ask the consultant to look at the possibility of a lagoon in the vein that it might

be cheaper for them. They did look at it and it was not cheaper, so they reverted to the package plant.

Mr. Lane: And this is faster?

Mr. McIntyre: They could probably both be built in about the same time.

Mr. Lane: We are looking at some water and sewage services for Spanish and Serpent River along the north shore. I don't know whether you are familiar with those towns or not. Would this type of sewage plant not be more suitable and more quickly installed in areas like that than would be the normal treatment plant we have been using over the years?

Mr. McIntyre: A lot will depend on the topography and the soil conditions. If you have some flatland that can be relatively cheaply acquired, then a lagoon becomes an economic possibility. In the case of a package plant—somebody has to operate it, whereas a lagoon doesn't take much operation. It is a kind of a natural process. There are a lot of things that go into deciding the type of facility that one builds in a particular location. To say to you right now that I know Spanish well enough—no I don't.

9:45]

Mr. Lane: The only other thing is to restate what you said before. I think you said there would be an industrial park at some place where at present there was a mobile home trailer park, the effluent from industry could be accommodated through the treatment package plants.

Mr. McIntyre: What I said was that I understand that's the intention of the municipality, to use the plant they would acquire or this interim stage of their housing operation for subdivision 3C of their construction camp.

Mr. Lane: Thank you very much. I am sorry I took someone else's time, but I really had to raise a couple of questions.

Mr. Wildman: Mr. Chairman, on a point of order, are we discussing here the type of facilities for handling effluent from mobile home parks? If so, I have a number of questions on that. If not, then I don't understand why we went to item 3 and how it relates to industrial abatement—except for the fact that the member for Algoma-Manitoulin seemed to indicate this was an interim measure and could be later used for industrial abatement. What's the connection?

Mr. Chairman: Yes.

Mr. Haggerty: I want to follow the views set forward by my colleague, the member

for Huron-Bruce. Looking at vote 2003, item 02, there is much to be desired here in the minister's ability to really be serious about the matter of industrial abatement. If you look at the routine 1976-77 estimates and the actual cost at that time, the expenditure in that year was \$7,431,000. If you look at the 1978-79 estimates you are looking at little over \$3.75 million in round figures—you have reduced the estimates by almost 100 per cent. I don't think the ministry is serious in the matter of bringing in industrial abatement programs in the province.

I can relate an example in the Niagara Peninsula where the region had made every effort it could to establish a sludge lagoon in the area of the city of Niagara Falls. Despite the amount of money that was spent by the region, and perhaps even by the Ministry of Environment, and the input by the concerned citizens of the area, the matter was referred to the Ontario Municipal Board and it was turned down.

But in the input from the private citizens group concerned about it, they came up with a list of metals that were found in the sludge—lead, nickel, iron and other toxic materials. I am concerned that much of this industrial waste is being dumped into municipal sewage treatment. The cost that has to be borne by the taxpayers of the region—in some areas they can't bear the cost. I have noticed in a certain community in the region that they have had to rebuild a treatment plant on different occasions. I am sure the cement or the material that was used in this particular treatment facility was eaten up by chemicals or by other toxic material that was being processed through the municipal sewage treatment plant.

I suggest to the ministry that I think it is high time it had a better monitoring program, relating to municipal treatment facilities, if the municipality has to pay the costs.

That goes back again to the fact that the property owners have to bear the cost to treat industrial waste. I think this is an unjust charge to them. There are certain industries—for example, Inco in Port Colborne now is constructing new pollution abatement facilities at an expenditure of about \$4.5 million. But how many more industries in the Niagara peninsula or even throughout the province are not getting into a program and the cost is being borne by the property owners or the ratepayers in the municipality?

I think this is an unjust cost to them and I suggest that someplace along the line you are going to have more input into this matter and search out the offenders in a municipality. If local government is going to

have to bear that cost. I think there should be a special assessment to industry so that they would have to bear much more the cost of this. Has your ministry given any consideration to this line of thought at all?

Hon. Mr. McCague: Mr. Haggerty, I'll answer your last set of questions first, and then I'll turn it over to Mr. Castel to tell you about the change in funding, which is very explainable. I guess we didn't ask you to come here to question you, but I would be interested to know what you think about the lagoon proposal in the Niagara district as an alternative method of disposal of these wastes. Maybe you don't wish to comment on it, and if you don't—

Mr. Haggerty: I do have something I want to get into on the next vote—I see Mr. MacFarlane in your group over here—and it relates to the proposed lagoon in Stevensville in the town of Fort Erie.

Hon. Mr. McCague: I get the message. As far as the sewage treatment plants are concerned, and the fact that they are accepting some industrial waste—

Mr. Haggerty: They must be accepting quite a bit of it.

Hon. Mr. McCague: That may be, but I'd suggest to you that they are significant contributors to your tax base. Also, I think the problem of what they are discharging into sewers is really a municipal matter. I am sure your municipality must have an industrial disposal bylaw which it monitors. I know our municipality has that.

Mr. Haggerty: This now comes under the Niagara region.

Hon. Mr. McCague: Maybe the region has one.

Mr. Haggerty: I am not aware of it if they do.

Hon. Mr. McCague: I think if they don't they should have, and in all likelihood do.

Those are the only comments I could make on it going into sewage treatment plants. I think it is up to the region or the municipality, whichever way it's structured, to monitor that. I guess we'll get into the lagoons later and Mr. Castel will explain to you why there appears to be a decrease in the funding on this vote.

Mr. Castel: There was a decrease of \$2,115,000 in respect of the Pollution Abatement Incentive Act which expired in 1976. As you will observe there is an amount of only \$50,000 shown for 1978-79 to settle outstanding claims. This is the major reduction. There have in fact been very minor

increases in all the other items under this activity.

Mr. Haggerty: But you're only talking about \$50,000. I am talking about almost 100 per cent reduced funding from 1976-77 for your total estimate.

Mr. Castel: Under this activity—industrial abatement?

Mr. Haggerty: Yes, if the figures are correct.

Mr. Castel: I am talking of the reduction of \$2,115,000.

Ms. Bryden: This Act that expired in 1976 was an incentive Act?

Hon. Mr. McCague: I haven't considered it at this point, Ms. Bryden.

Mr. Haggerty: Is that the point you're getting at, that \$50,000 for pollution?

Mr. Castel: We have for the next year an amount of \$50,000 to settle outstanding claims, but the Act expired in 1976.

Just to answer the last question, if I may, production machinery including pollution control equipment is exempt from retail sales tax under the Retail Sales Tax Act, so we don't really need the Pollution Abatement Incentive Act.

Mr. Haggerty: Have the number of employees increased or decreased between 1976-77 and 1978-79?

Mr. Castel: There have been some reductions in the ministry as a result of the constraint program, but there was no change in staff in the industrial abatement activity.

Mr. Haggerty: And no new additional employees?

Mr. Castel: No, there were no additions either.

Mr. Haggerty: Should there not be some additional employees in this particular area? There's a huddle going on over there.

Are you going to be hiring any summer students in this particular area through Experience '78? How many students do you contemplate hiring for the summer months?

Mr. Sharpe: We covered that on a previous vote, but we may have the figures here, Mr. Haggerty.

Mr. Haggerty: Perhaps while they're trying to find that information, Mr. Chairman, the minister asked me a question about a lagoon in the Niagara region. He asked me if I agreed with a proposal for a lagoon in the Niagara region to dispose of the sludge.

I wonder if his ministry has come up with any other alternatives similar to the recycling program they operate in the city of Milwaukee. It is going to be quite a problem to find sufficient lands for these lagoons. If you

look at the price of land in Niagara region, and remove that from the market for housing or whatever, it becomes too expensive.

Has the ministry given any consideration to bringing in some type of plant to recycle the sludge and use it as some form of fertilizer? The city of Milwaukee has such a program and you can buy the fertilizer right here in almost every hardware store.

Hon. Mr. McCague: That, of course, is part of our program at the resource recovery centre in Downsview.

Mr. Sharpe: I think you're talking about the product Milorganite.

Mr. Haggerty: That's right, I guess.

Mr. Sharpe: Speaking from memory, the city of Milwaukee used to dispose of their sludge on an island. They ran out of island after a while and they decided they had to do something with the quantity of humus or digested material that was being discharged continuously from the sewage treatment plant operation, particularly the digesters. They devised the program of using that material as the bulk, reinforcing it with nutrients and turning out a fertilizer. That has provided an offsetting cost for the cost of handling sludge that would otherwise have to be hauled quite a considerable distance from that particular island.

Mr. Haggerty: What are your proposals in Ontario, though? Much of this is going to relate to industrial abatement because you're going to have municipalities trying to dispose of much of this waste which includes industrial waste. What actual programs do you now have? I understand that you do have a research program which has been going on for a number of years but that you haven't got anything final yet. What are municipalities going to do with this waste if they can't find lagoons? Where are they supposed to dump it? In Lake Ontario, Lake Erie or the Niagara River? It's becoming quite a problem in the area and I suggest some type of mechanical plant should be constructed by the ministry.

Mr. Barr: Mr. Haggerty, if we can refer specifically to the Niagara region, maybe we could outline all the reasons for the storage in a lagoon; and that's just exactly what it was for—for storage for the winter months when it became impractical to spread sludge on the land. Looking at the use of sludge on agricultural land, as a source of nutrients to that land, this was the practice which we employed in that region and in other regions throughout Ontario for a number of years. But difficulties arose due to weather conditions and access on to the land when placing

this material, and there were potentials for phosphate runoff of this material with snow cover, ice cover and so on. So, for this reason we encourage the municipality of Niagara and others to provide winter storage, and this application in the city of Niagara Falls and the Niagara region is to provide the storage. That's the reason behind the need for the storage lagoon.

The alternative we're looking at now because of the favourable decision of the Ontario Municipal Board to the sludge storage lagoons is storage at the plants on a small scale. This is to be a combined storage facility which will particularly look after the St. Catharines plants and the Niagara Falls plant, the larger plants in the region. The alternatives are smaller storage units at individual plant sites and also, I suppose, incineration which, again, has a very important cost factor. I guess I could go on to mention another alternative, that of Metropolitan Toronto—which was to my knowledge, the only place in Ontario and possibly in Canada—where they had a situation similar to Mr. Sharpe's Milwaukee experience where some years ago they produced a bag product called Torganic, but the economics just made it prohibitive to continue that processing.

Mr. Haggerty: It's still on the market here though. You can purchase it.

Mr. Barr: Milorganite is.

Mr. Haggerty: Sure.

Mr. Barr: The one produced at the Ashbridge's Bay plant in Metropolitan Toronto used to be on the market but I don't think it's been there for the last five years. The economics made it prohibitive for that company to continue. It was the same principle as that used in Milwaukee, to take the incinerated sludge from the Ashbridge's Bay plant in Metropolitan Toronto, bag it and then sell it to farmers.

Mr. Haggerty: I understand my colleague, the member from Windsor-Walkerville (Mr. B. Newman), suggested something to the ministry here a few years ago which related to a private operation in the city of Windsor. There is an individual there who has some form of an operation whereby he can use the sludge waste. He's been successful in recycling it. I understand it has been successful. Have you looked into this at all?

Mr. Williamson: You're talking about a Mr. Pierre Phillipe and Grorich Organic Fertilizer Company. We did give Mr. Phillipe a grant to carry out a study of composting sewage sludge from one of the Windsor plants with the organic fraction of garbage. He produced

a report on that which has been issued in small numbers. The compost was successful but there are some concerns about heavy metals and PCBs.

Mr. Haggerty: That's the problem you're going to find when spreading it on farm lands—the heavy metals. You have a problem in this area, and you've been kicking it around for a number of years now, but you should have some solution to it. You should be the experts in this area. Buying land and digging a hole—land in the Niagara region is too valuable to be wasted. I suggest it should be done through a mechanical process.

Hon. Mr. McCague: In answer to your question about summer students, out of the 433 that we will hire, 20 will be allocated to this activity.

Mr. Haggerty: Any in the Niagara region?

Hon. Mr. McCague: I don't know.

Mr. Haggerty: It's a problem area.

Hon. Mr. McCague: Is it?

Mr. Haggerty: I think the minister is well aware of it.

Hon. Mr. McCague: Is the Niagara region in our west-central region?

Mr. Barr: Yes.

Hon. Mr. McCague: We will be hiring 90 students in that general area.

Ms. Gigantes: Mr. Chairman, I would like to ask the minister or one of his staff if I could have an update on the situation at the Masterloy plant in Gloucester township where there has been radiation pollution?

Mr. Moore: The present situation with the Masterloy plant is that discussions are ongoing with the company. We still have a problem finding a site to dispose of the six million tons of material that are at present under monitoring. The situation in the wells that are being monitored, involving relatively few people in close proximity, has not changed since the Environmental Assessment Board hearing last summer. We will continue to monitor and we are continuing to search for sites where we can dispose of this material. There has been no increase in the levels and no change in the situation.

Ms. Gigantes: Could I also ask where we are in terms of the legal action that was being taken by the ministry against the decision of the Environmental Appeal Board?

Mr. Moore: It is still under appeal.

Ms. Gigantes: No action is in court?

Mr. Moore: I couldn't say.

Ms. Gigantes: I don't know if you're familiar, Mr. Minister, with the situation at

Masterloy Products. It's a firm which has changed hands three times in 10 years, as I recollect. It's now under American ownership and it has polluted three sites in the Ottawa area.

There was an action taken following upon a chance patrol and a mapping survey by the federal Department of Energy, Mines and Resources. They noticed on the geiger counter in the airplane about four years ago that there were radiation sites in the area. Following that, the Ministry of the Environment began investigations and in May 1976 there was an order undertaken against Masterloy for general cleanup. There was an appeal which began about June 1976. It wasn't heard until near the end of 1976 and the hearing went on until into 1977. The Environmental Appeal Board decision came down in September 1977. I'm sorry, I'm getting my dates confused.

The decision came down in May 1976 with appeal following that. The appeal slopped over between 1976 and 1977 and then the appeal board came down with a determination which was dated September 26, 1977. It was an appeal board order which was so limited that the ministry itself undertook legal action saying that on many counts the appeal board had failed to exercise its jurisdiction in this question.

The whole problem raised in my mind over a long period of time, and the questions still remain, what is the policy of this government on radiation sites of an industrial kind? How is the appeal board dealing with that policy? Why do we end up with situations where the ministry has to go to court claiming that the appeal board has not exercised its full jurisdiction? I would like to know what's happening with such sites in Ontario and I would like to know what's happening to Gloucester township.

There were eight points on which the ministry decided to take to court the decision of the appeal board and they include many errors in the administration of the mandate of the appeal board.

Hon. Mr. McCague: We probably don't have anybody here tonight from the legal branch—or do we? John Barr?

Mr. Barr: Possibly I can confirm what Ms. Gigantes has said. There were several hearings in response to the orders issued to Masterloy. The last hearings concluded in April of last year. In its decision of September 26, 1977, to which I think you referred, the appeal board upheld the ministry order with the exception of the removal of

slag on the site. This is the part that Mr. Moore indicated earlier is under appeal by his ministry. In other words, we are appealing because we feel that the slag should also be removed.

10:15]

At the time the order was drafted it was our intent to use for disposal the former site of Nepean township, which is now operated by the regional municipality of Ottawa-Carleton. At the time the appeal board set down its decision, ownership of the landfill site had changed hands and Ottawa-Carleton has prohibited any access to this site by Masterloy for the disposal of the material, including the slag. Again, as Mr. Moore has indicated, at the present time we don't have a suitable site for disposal in the province.

Ms. Gigantes: Could I point out that your rendition of those events almost suggests that Ottawa-Carleton were being unco-operative, but in fact the new dump site in Ottawa-Carleton is one in which the former minister overturned a decision of the Environmental Appeal Board and agreed that the site should go ahead as a dump site without a clay lining. So I don't blame Ottawa-Carleton for saying you shouldn't put radioactive stuff in there.

Mr. Barr: That's correct.

Ms. Gigantes: I'd like to run through some of the items. You say it's just a question of whether the Environmental Appeal Board dealt properly with its jurisdiction over the slag material. But, for example, in the notice of appeal filed by the ministry, one point which is being appealed, point four, is that the Environmental Appeal Board erred in refusing counsel for the director the right to conduct a full examination of a witness regarding radioactivity of the slag pile.

Point five: "That the Environmental Appeal Board erred in failing to entertain full argument on the question of its jurisdiction concerning radioactive emissions from the slag pile." That suggests more to me than simply a question of whether the Environmental Appeal Board was correct in saying it had no jurisdiction over the slag pile, but also that in the technical case before it, it was in a legal sense not allowing the ministry itself full opportunity to raise matters which now have to be taken up in a further court case.

I would ask you to inquire, Mr. Minister, how it is that the Environmental Appeal Board of Ontario arrives at such an attitude? Who are the people who are on it, and what is their background that leads them to have such an attitude that in fact the ministry has

to go to court in order to affirm its jurisdiction and to affirm the proper procedure before that board? That deeply concerns me.

Some other points have been raised in the initial description of those matters which the appeal board, as far as the ministry is concerned, dealt with successfully. Just when I first asked the first question for updating purposes, we had a description of the total failure to deal with the liquid waste problem, or to deal with the general disposal of the waste which the Environmental Appeal Board had ordered removed from the property.

Back in October last year I wrote to the former minister, Hon. Mr. Kerr, and asked about these very matters, and received very generalized assurances that all was going to be looked after. We are now two years after the initial order on this site. It is the third of the sites that this particular firm, under different names and different ownerships, has polluted in the Ottawa-Carleton area. Two years after the initial order by the ministry, we get the kind of description we just had when I asked for an update, which is that really nothing has satisfactorily been dealt with on that site.

Hon. Mr. McCague: Mr. Pasternak, who is a lawyer, is the chairman of the appeal board. I haven't the names of the others who are on it here right now.

Ms. Gigantes: He did not hear the appeal. He was ill for the appeal.

Hon. Mr. McCague: I am telling you who is the chairman of the Environmental Appeal Board, that's all.

As far as the matter of why it takes so long is concerned I think it would be inappropriate for me to comment on a matter that is really before the courts at this time.

Ms. Gigantes: Yes, but those matters which are not before the courts, which your ministry describes in ministerial terms as having been under control following the appeal board order, the kinds of action that were supposed to be taken concerning liquid runoff and the pollution of wells in that area, and also the disposal of the other waste—the slag pile is just one part of the waste problem on that site. It is a large part, but the other material which, according to your ministry, was handled, appropriately in the final order of the Environmental Appeal Board, has not been disposed off yet.

This is a very small site, Mr. Minister, and it seems to me that if this ministry is not capable of dealing with a site that size within a two-year period—It didn't even find the site to start with, it was found by accident by federal officials; it is a site not much bigger

than four times this room; it is not a very big industrial site—but if it can't deal with pollution coming from a firm that large, what guidelines do we have in Ontario?

Hon. Mr. McCague: Mr. Barr, can you comment on that? I thought somebody mentioned six thousand tons.

Ms. Gigantes: It has been piling up there for years with no orders or investigations on that site for some time.

Mr. Barr: As I explained earlier, the difficulty which has arisen is in obtaining a suitable site for the disposal of this material.

Ms. Gigantes: I was being told last fall that there was imminent prospect of an agreement for the transportation of the waste material under orders by the appeal board to the Chalk River disposal site. What has happened with that imminent prospect?

Mr. Barr: This was looked at for the disposal of the slag but even approval of that has not been obtained as yet. It is a federal matter.

Ms. Gigantes: It didn't cover the other material?

Mr. Barr: No, I think it was just the slag.

Ms. Gigantes: Do we have any sites where it can go? It certainly can't go in the regional dump. There are good and appropriate reasons for that.

Mr. Barr: Earlier, before the change of ownership of that site, we thought it was suitable, but Ottawa-Carleton has seen otherwise.

Ms. Gigantes: I would remind you of what I said before, namely that it took a ministerial overturn of an Environmental Appeal Board to get the dump established at that site, not a radioactive dump. It doesn't have the clay lining that the appeal board ordered for it. I wish you would look into that kind of problem as it is a serious problem. I think we found this one by accident and we are probably going to find a lot more in Ontario. So we better have some generalized solution worked out on a better basis than this one has been dealt with. I am concerned for the future of that site.

Hon. Mr. McCague: We will look into it.

Mr. Mancini: I see there is approximately eight minutes remaining in the evening. I will try to use up these eight minutes as constructively as possible and possibly come back the next day for further questions.

There are a couple of specific things I would like to get information on from the minister. There are a couple of specific problems that are in my constituency, the riding

of Essex South. I would like to get on to the matter of the Wheatley area sewage treatment plant. As the minister well knows, we have recently had a personal meeting with him, for which we certainly thank him.

Mr. Wildman: Mr. Chairman, on a point of order, isn't that under the next vote?

Mr. Chairman: We are discussing industrial abatement, Mr. Mancini.

Mr. Mancini: Industrial abatement will certainly take care of the industry in the Wheatley area. We have a very large fisheries plant there that is going to come under this area. It employs over 500 people, which I am sure the member for Algoma is interested in. Notwithstanding the industry it will take care of, it will also take care of many residential districts. If the member doesn't mind, we will join them.

I would just get back to the point where I was at. We had met with the minister and we had met with the previous minister two or three times. I think it is incumbent upon the present minister to carry out the commitments of his predecessor. It is incumbent on the present minister and the very able staff he has. It is a staff that has been very helpful to my constituency. I think it is incumbent upon him to carry on with the promises made.

We were told, unless I am wrong, in no uncertain terms that this treatment plant would certainly be constructed and moneys would be made available in 1978. Now we fear, and we are under the impression from the last meeting that we had with the minister, that moneys possibly would be made available in 1979 for this important project and maybe even farther away.

I want to let the minister know, and the staff of his ministry who were involved with this prior to his taking on this responsibility, that we are not satisfied with this position. We think the minister should adhere to the promises made by his predecessor, one of which was that moneys would be made available for the construction of this project; another one, which we consider just as important as construction of the project, was that the minister himself would visit the area. That, too, was promised by his predecessor.

First of all, I would like an update from the minister as to where we stand for funds being made available for the Wheatley-Romney sewer project area this coming year.

Hon. Mr. McCague: Mr. Mancini, I did meet with you and your constituent council on this matter. As you know, I came to the ministry about February 23 and the commitments for construction in 1978-79 had been made. Some \$50,000 was allocated to

the Wheatley project for engineering in 1978-79. I understand the matter is before the OMB at present, but I don't know when that's going to be dealt with. I haven't got the date of the hearing or when the matter might be resolved.

Mr. Mancini: I would like a more detailed answer, Mr. Minister, if it's possible. I would like to know exactly what stage the engineering plans are at. I would like to know when we could possibly expect some type of action that we will be able to see. I would also like to know how many millions of dollars your ministry is making available for when the OMB hearings are over and when this money is going to be available. I don't think your answer has been detailed enough, sir. I am sorry.

Hon. Mr. McCague: It's not going to be in the 1978-79 budget.

Mr. Mancini: Then you are saying you are not prepared to meet the commitments that the previous—

Hon. Mr. McCague: Not at all. I have no idea what commitment the previous minister made to you. Mr. Timko, could you respond?

Mr. Timko: Mr. Mancini, at the last meeting with the minister, I think you were advised and the councils were advised that the project was at the pre-OMB stage. Subsequent to that meeting, we forwarded the necessary bylaws to the municipalities. One of them was very prompt in replying and one was a little tardy. We now have them.

We have approached the OMB, which is the next stage. That in itself will take about six months, which will put us well into next year. So that even if moneys were to be allocated, they couldn't be spent because we couldn't get to the position at this time to spend the moneys. It is going to depend on how quickly the OMB approves the rates that we are proposing and then how fast the design can be completed. So regardless of when the money will be available, there is still approximately a year of OMB and design time.

Mr. Mancini: So at the very earliest, you're talking 1979?

Mr. Timko: As we indicated at the meeting and I am going by memory now—I think the very best would be late 1979, and I think we indicated at that time a lot of things would have to go right.

10:30]

Mr. Mancini: Just to pursue this a little further: Prior to the new minister's appointment, we were not talking 1979, if I can recall rightly, we were almost—I wouldn't say

guaranteed—assured that this was a high-priority project and we were assured that funds were going to be made available for 1978-79. What has happened in the last 12 months to come to the point where we now have all these new obstacles and there's not going to be any money allocated?

Mr. Timko: It's a very complicated situation. I think you will appreciate the project is approaching \$12 million in costs. Before we could expend that kind of money, we had to look at all the alternatives.

You will recall our previous minister, Mr. Kerr, was extremely concerned about these very high costs. We went through a stage where we were investigating more alternatives to be sure before we expended this kind of money. We went through looking at individual systems, and there was a period of correspondence between the municipality and ourselves while this was being looked at to cover this off. It is a very large amount of money for the size of the municipalities involved. We are looking at it very carefully and, considering the size and nature of the project, we are relatively on schedule.

Mr. Mancini: It would be safe to say then that I could go back tomorrow to my constituents, if I had the opportunity to go back, which I don't during the middle of the week, and say to them that there will be millions of dollars allocated for the construction of this plant for 1980?

Hon. Mr. McCague: No.

Mr. Mancini: Then what can I tell them?

Hon. Mr. McCague: I am not sure of the MBR on this project. I believe it's high.

Mr. Timko: It's 895.

Hon. Mr. McCague: We will be looking seriously at it, even making some allocation in the 1979 budget, provided there is availability of funds.

Mr. Chairman: Mr. Mancini, it's 10:30. We shall adjourn until 10 o'clock tomorrow morning. I would like to remind the members of the committee that we are running behind schedule. We will have five hours left as of tonight. We agreed when we started that the NDP and the Liberal Party would be allotted eight hours apiece in all. The PCs have used up one hour so that would leave you approximately two hours. We are going to have three hours of silence.

An hon. member: That's about all you ever get from the PCs.

Mr. Chairman: But we get action. Actions speak louder than words.

The committee adjourned at 10:34 p.m.

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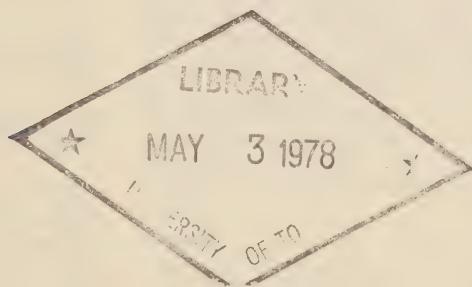
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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee

Estimates, Ministry of the Environment



Second Session, 31st Parliament

Wednesday, April 12, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, APRIL 12, 1978

The committee met at 10:10 a.m.

ESTIMATES, MINISTRY OF THE ENVIRONMENT (continued)

On vote 2003, environmental control; item 2, industrial abatement:

Mr. Chairman: I understand Mr. Gaunt still has a few more comments.

Mr. Gaunt: Thank you, Mr. Chairman. I just wanted to ask a question or two with respect to this vote. I know that we should move on.

I understand and appreciate what Mr. Turner said last night with respect to the computer problems in regard to the industrial water pollution monitoring system, but I was wondering if the minister could supply me with a list of the top 50 industrial dischargers over the past three months? Is that asking too much?

Hon. Mr. McCague: We will be glad to do that.

Mr. Gaunt: Thank you. I don't need it tomorrow, but whenever it can be done, within the next week or so.

Hon. Mr. McCague: Which one? If you don't get it for two months, which three months do you want?

Mr. Gaunt: If I don't get it for two months I want the previous three months.

With respect to the fifth annual report of the Great Lakes Water Quality Board which landed on my desk this morning—and I had a chance to read it only briefly this morning, because being a farm boy I get up very early in the morning and look over my mail—I noticed on the second page it says: "The commission is concerned with the growing evidence of the dangers of toxic chemicals in the lakes and with the failure to implement enforcement measures on many industrial and municipal sources of pollution."

Then it went on in section 3, under industrial pollution, to say: "10 industrial dischargers in Canada and the United States, including some of the larger ones, have not completed their pollution control programs." I am wondering if the minister could tell me

how many of those 19 are in Ontario and which ones they are?

Mr. E. W. Turner: I believe 11 of them are in Ontario; they are the 11 industries named by the IJC. Essentially they are the pulp and paper mills discharging into Lake Superior—Eddy at Espanola and I think it's Dow and a couple of industries down on the St. Clair River.

Mr. Gaunt: Allied Chemical?

Mr. E. W. Turner: Allied Chemical is one of them.

Mr. Gaunt: Is there a third one discharging into the St. Clair?

Mr. E. W. Turner: I think the minister has the sheet there in front of him.

Hon. Mr. McCague: Dow Chemical, Sarnia; and Polysar, Sarnia.

Mr. E. W. Turner: Polysar is the third one.

Hon. Mr. McCague: Allied Chemical, Amherstburg; Algoma Steel, Sault Ste. Marie; Abitibi, Sault Ste. Marie; American Can, Marathon; Kimberly-Clark, Terrace Bay; Domtar, Red Rock; Great Lakes, Thunder Bay; Abitibi, Thunder Bay; and Eddy Forest Products, Espanola.

Mr. Gaunt: Are all of those under control orders? The pulp and paper ones are, I guess. Are Allied Chemical, Polysar and Dow?

[10:15]

Mr. E. W. Turner: I think the minister has the comments there on the sheet. I don't believe Allied is under a control order.

Hon. Mr. McCague: No, there's no control order on Allied, Amherstburg.

Mr. Mancini: Why would there be no control order on them, Mr. Minister?

Hon. Mr. McCague: Even though they are polluters, there have been substantial reductions and in the abatement of chlorine levels resulting from recovery and sale of the calcium chloride byproduct, the company's performance is regarded as satisfactory. This plant was wrongly identified as having an incomplete remedial program because of continued substantial chloride losses, and because the recovery of calcium

chloride losses from this plant are less than similar plants elsewhere.

Mr. Mancini: When do you expect them to comply with the orders of the IJC? Or, notwithstanding that, when do you expect them to stop polluting the Detroit River? Or do you have any plans?

Mr. McTavish: Allied Chemical is not in our opinion disobeying any of our regulations. The problem with Allied Chemical is the high dissolved solids that come from the plant. There is no known practical method for reducing those dissolved solids. We disagree with the IJC report with respect to them being in violation, but it is a dissolved solids problem and it is not toxic. It's creating no real problem but it will eventually raise the dissolved solids level getting into Lake Erie. They are not under a control order for that aspect of their operation.

Mr. Mancini: You don't foresee them coming under any controls?

Mr. McTavish: No, we are not aware of any treatment method that they can use to further reduce it.

Mr. Mancini: They couldn't have that dumped into the old quarry site that they have behind the plant?

Mr. McTavish: Well, the volume is so great and, of course, we wouldn't want to raise the chlorides in the ground water then either.

Mr. Mancini: I see.

Mr. McTavish: They are under a control order for air emissions but they are not under a control order for their water emissions.

Mr. Gaunt: So, Mr. McTavish, it's a question then that technology in terms of dissolved solids has not caught up with the situation. The technology isn't advanced to the point where those solids can be removed.

Mr. McTavish: That's correct.

Mr. Gaunt: I'm sorry, are you through, Mr. Mancini?

Mr. Mancini: Can we bring up the air emissions now or is that in order?

Mr. Chairman: I imagine so.

Hon. Mr. McCague: Well, air emission from what, industrial plants?

Mr. Mancini: Yes.

Mr. Gaunt: May I just finish off?

Mr. Chairman: Yes, okay. We want to complete this item here.

Mr. Gaunt: Yes. We'll do it very quickly, Mr. Chairman.

The same report mentions that it appears both the setting of regulations and their en-

forcement are more flexible in Canada than in the United States. We talked about that and that's going to be a subject of a study, I gather, and it's going to be reported back to the commission what the findings of that study are. That was the impression I got when we discussed this matter before and I am accurate in that, am I?

Mr. Sharpe: IJC is going to study it.

Mr. Gaunt: Yes. With the help of Canada, Ontario and in the US presumably. And then they are going to report back to the water quality people, so I am correct.

Coming to the appendix, there are a number of recommendations; recommendations of the research advisory board to the International Joint Commission concerning toxic substances and recommendations of the Great Lakes Water Quality Board to the International Joint Commission concerning the control of persistent toxic substances.

I don't want to read all these recommendations. There are seven in each category. Suffice it to say, is the ministry in agreement with those recommendations?

Mr. Steggle: There is a group of seven recommendations that relate to monitoring and laboratory programs, the establishment of water quality objectives, the collection and analysis of data, research and environmental health agency support in determining the action levels required for the protection of human health.

There is one recommendation dealing with all jurisdictions and this is directed to the eight states and the province: "All jurisdictions should proceed to identify raw materials, processes, products, byproducts, waste sources and emissions involving, as a priority, persistent toxic organic substances and quantitative data on substances with recommendations on handling use and disposition." A final recommendation relates to close co-ordination between air, water and solid waste programs.

To categorize them, these are direction-oriented recommendations as far as program development is concerned. I think you've heard over the course of these estimates various reports that would indicate where we are in responding to those recommendations. All jurisdictions have a considerable distance to go, but we're trying to do it in a co-ordinated way.

Mr. Gaunt: If I read that correctly, in terms of overall acceptance the ministry accepts the overall thrust of those recommendations. It's a question then of meeting the precise and specific requirements.

Mr. Stegges: I think as the two countries come together on the further renegotiation of the agreement, remembering that these are recommendations to the governments from the commission, there will be more precision given to the responses of the governments to these recommendations.

Mr. Mancini: It was mentioned by Mr. Turner that Allied was under a control order for air abatement?

Mr. Chairman: No, it was the other gentleman.

Mr. Mancini: Mr. McTavish, sorry. I was wondering if you could inform me how close they are to meeting your guidelines? I receive letters and calls on a regular basis from constituents in the nearby area concerning damage to vegetables and fruit trees and to other items around their homes. I know that Allied Chemical has been making some type of monetary payments, of course, after the Ministry of the Environment makes a decision as to where the pollution has come from. I'd like to know how long they've been under this control order.

Mr. McTavish: We've used the control order now for two years, I believe. What the control order does in effect is require the company to make certain cutbacks if we do note any vegetation damage. There are certain plots that are inspected regularly through our air resources branch in Toronto.

Our information is that we have cut back the problem to approximately half of what it was in 1974. There are still some complaints, as you point out—and I haven't got a record of how many complaints we have—but they have been minimized to a considerable degree.

Mr. Mancini: Possibly one of the reasons why the complaints have stopped coming in as frequently as they have is that many of the area residents have stopped planting new fruit trees and they're not allowed to put in claims for the ones they have already claimed for. That possibly could be one of the reasons. Do you have any statistical information to inform the committee?

Mr. McTavish: I don't have it here, but we will have complaint records.

Mr. Barr: Possibly I can answer that, with your permission, Mr. Chairman. Under the 1977 growing season, we had situations where they exceeded the fluoride concentration, which is part of the control order, six times in 1977—

Mr. Mancini: Six times?

Mr. Barr: Six times—as compared to 16 times in 1976 and 34 times in 1975. So I

think, as Mr. McTavish has indicated, there has been a marked change from 1974 to 1977.

Mr. Mancini: You feel that's fairly accurate?

Mr. Barr: Yes.

Mr. Mancini: Thank you.

Mr. Chairman: All through, Mr. Mancini?

Mr. Mancini: Yes.

Mr. Chairman: Thank you very much.

Shall item 2 carry?

Some hon. members: No.

Mr. Laughren: No. Come on, Mr. Chairman.

Mr. Chairman: Just a minute now. Have you got a note? We agreed before you came here. You're late. You should have a note.

Mr. Laughren: From my parents? From my mother, you mean?

Mr. Chairman: I beg your pardon?

Ms. Bryden: We haven't passed it.

Mr. Wildman: My name was on the list last night, Mr. Chairman.

Mr. Chairman: You didn't show up this morning.

Mr. Laughren: He's here now.

Mr. Chairman: We decided here that we would complete item 2 and go on to item 3.

Mr. Laughren: No, we're not going to. We are going to complete item 2 when we've had a chance to speak on it.

I want to ask a couple of questions of the minister on the whole question of control orders. We had a happening in Sudbury on the weekend. It was called 2001. Perhaps some of you heard of it. The Premier (Mr. Davis) came in and dropped \$600,000 for the community to do some work, some research and so forth. It's the first time since Confederation that Sudbury has shown a profit. The Premier can come back any time he wants to leave \$600,000 there, and then get right out of town.

The reason I mention that is that in the workshops there was a lot of talk—and there were about 1,000 people at that thing; it really was a major event in Sudbury.

Mr. Chairman: It really shook you up.

Mr. Laughren: There was an enormous amount of talk about the poor image of Sudbury, or how Sudbury is perceived by Canada at large, by Ontario, by tourists and by Americans, and how it is hurting the community. It prevents people from wanting to locate there. One of the examples was that a company didn't want to locate in Sudbury because its senior management didn't want

to live in Sudbury. The image wasn't very good.

Mr. Mancini: It was the NDP members who scared them.

Mr. Laughren: It's funny you should say that. There was some talk that perhaps the local politicians were not as positive as they might be, but most of the blame was placed on the media, as though the media caused—

Mr. Mancini: I thought it was a terrible place until I went there and found out just how lovely it was.

Mr. Chairman: One speaker at a time. Let's stick to industrial abatement.

Mr. Laughren: I want to tell you, Sudbury is a fine community in which to live.

Mr. Chairman: It is. It is.

Mr. Laughren: I wasn't born there. I went there by choice and decided to remain—constituents willing.

There was a lot of blaming of the media and so forth, and the people at the conference were concerned about how you give Sudbury a better image. It seems to me, simplistic though it may sound to you, Mr. Chairman, that if you clean up the real thing, the image will improve by itself; the media will accurately reflect those improvements and we won't have the kind of problem that we've got now.

One way of doing that, of course, is have a process of catchup to solve some of the problems that have been caused over the years. There has been a beginning of that with the company putting some money into—
[10:30]

Mr. Wildman: It is not "ketchup," Mr. Chairman, it is "catchup."

Mr. Laughren: —greening of the area on Highway 17 west of the city, but it's late and it's not enough. If you drive in from North Bay on Highway 17 east of the city, it is not a very pretty sight. I don't know whether the minister has ever done that or not but it is a barren looking environment. It is a barren environment not just a barren looking environment.

Mr. Chairman: Not enough rye on the rocks, eh?

Mr. Laughren: That's right, we need more rye on the rocks. The tailings area has been planted, although most people don't see that. You don't see much of that from the road. You can't sell somebody an improved image and then have them drive in along Highway 17 from the direction of North Bay, or indeed drive in from the airport where a lot of businessmen drive in from, and not have them see that there's a problem

there. To try and kid people that there's not a problem is downright silly, so the first step is to clean up the environment.

The Ministry of the Environment has always taken what I think is too passive a role in the whole process and hasn't insisted that the process be ongoing in terms of putting mulch on the landscape and trying to get things growing again. You really have been a benign and passive observer and that's wrong. There are 200,000 people in the Sudbury basin and it's a major community. I guess one of the reasons is that the treasury of this province doesn't get enough money from the industry that it feels it can either funnel its own funds back in or require that the companies put some into it.

I have never understood why there isn't a law or a regulation that says a certain portion of the mining companies' profits over the years should have been funnelled into environmental enhancement. It's still not too late to do that. I wonder if the minister could share with us some of his views on responsibilities of an industry like the mining industry to making things better in a community like Sudbury.

Hon. Mr. McCague: I believe that things are better than they were—

Mr. Laughren: Agreed.

Hon. Mr. McCague: —some years ago. I guess 1968 was about the worst year. We could probably be more strict with the polluting industries.

The thrust of your question seems to be: Can some of their profits go back into environmentally productive areas? I think some of their profits have as far as the seeding of the tailings area goes. I think that's difficult. I think everybody recognizes that Sudbury is a mining town and with a mining town go certain of the disadvantages that you have mentioned. I am not aware that you are suffering as far as tourist business is concerned because of these problems you mention. I have certainly made several visits there, and did so because I wanted to see what a mining town was like more than because I thought I would like to breathe the air that you don't like.

Mr. Laughren: You breathe it on a temporary basis.

Hon. Mr. McCague: Right. I think we are making and will continue to make improvements. We are doing an environmental study and I think the results of that will be helpful to us.

Mr. Laughren: Don't forget that over the years the mining industry has been an enormously profitable operation, and it's not

fair to use bad years as examples of why you can't do it. There could have been a lot more money poured into it. Is the minister aware of the control order that's now in effect, with Inco in particular, regarding the emission standards and the tons of sulphur dioxide that are permissible to be discharged every day?

Hon. Mr. McCague: Yes.

Mr. Laughren: I think it is in the order of 3,500 tons a day now. The control order which expires at the end of this year says that the company must be down to 750 tons a day. That is being negotiated by your ministry. Obviously, I don't have to tell you that. Is there any truth to a rumour that is rampant within your ministry, if anything is rampant within your ministry? First, by the way, do you consider yourself a crusading Minister of the Environment?

Hon. Mr. McCague: I will leave that up to you.

Mr. Laughren: George Kerr was always referred to in his earlier years as a crusading Minister of the Environment. I was hoping we had found another one.

Hon. Mr. McCague: Are you a crusading politician?

Mr. Laughren: Yes. I am a crusading socialist. I am more than a crusading politician.

Hon. Mr. McCague: You don't have to tell us.

Mr. Laughren: You did ask. As to the rumour, is there any truth to the rumour I have from the highest levels in your ministry that phone me almost daily and send me brown envelopes that you are negotiating a new control order which would expire within six years and which at the end of six years would require the company to get down to a level of around 1,600 tons of sulphur dioxide per day—not the 750 tons at the end of 1978 as in the existing control order but 1,600 tons in six years further down the road? Is there any truth to that?

Hon. Mr. McCague: If my senior officials are telling you that—

Mr. Laughren: No.

Hon. Mr. McCague: —then I don't think it is a rumour.

Mr. Laughren: No, they are just saying that it is a rumour from other people in the ministry. I wonder if you could verify whether or not there is any substance to the rumour.

Hon. Mr. McCague: It could well be. Mr. Barr.

Mr. Barr: I guess the truthful part of your

rumour is that we are in negotiations with the company.

Mr. Laughren: I understand that.

Mr. Barr: As for 1,600 tons, or any number of tons, I indicated at our estimates this past fall that we are looking at ground level concentrations rather than tons per day.

Mr. Laughren: You are changing the rules of the game in the middle of the game as the Treasurer does with the Edmonton commitment. Don't do that to us.

Ms. Bryden: You're spreading it more widely.

Mr. Laughren: Let's talk about tons of emission per day so that we are dealing with a constant.

Mr. Barr: I think ground level concentration can also be a constant.

Mr. Laughren: All right then, but let's talk about a constant in terms of the control order of what the equivalent of 750 tons a day is in ground level concentration. What would it be?

Mr. Barr: You can have an emission of 750 tons per day which in certain weather conditions would exceed the ground level concentrations which we have in our regulations. Tons of emission per day may not be a realistic way of controlling sulphur dioxide emissions. We think the ground level concentration is more stringent than the emission part.

Mr. Laughren: It suited your purposes up to now though.

Mr. Barr: This order was drafted back in the early 1970s.

Mr. Laughren: But that does not expire until the end of this year. Would you try and be more specific? I don't mean to appear too persistent or too crusading but I really would like to know where you are at in these negotiations. I think the public has a right to know that. There should not be anything secretive about that.

Mr. Barr: To answer that, I would say the control order in its final form is about a month away from being finalized with the company. This will become a public document, as you know.

Mr. Laughren: As a matter of fact, you should not have conducted those negotiations the way you did, in my opinion. It is the public that is affected by this control order to a very great extent, and yet they are excluded from negotiations. I think that is wrong. Tell me anyway, what is the neighbourhood you are in?

Mr. Barr: In terms of emissions? I indicated that we are looking at ground level concen-

tration as the overruling criterion rather than emissions.

Mr. Laughren: What is the neighbourhood of ground level concentration?

Mr. Barr: We are looking at a number of 0.34 parts per million.

Mr. Laughren: What would be the expiry date of that control order?

Mr. Barr: I don't know that we have finalized that as yet.

Mr. Laughren: What are you working towards? Five or six years?

Mr. Barr: I don't think it would be longer than five, maybe shorter.

Mr. Laughren: Four or five years?

Mr. Barr: In ground level concentrations we are looking at an interim requirement and a final requirement. The interim would be achieved in a much shorter time than the five years.

Mr. Laughren: That's what I was going to ask you, whether or not there was a sliding scale of acceptable emissions.

Mr. Barr: Yes.

Mr. Laughren: Would it be a yearly scale? At the end of every year it would be down to a certain lower level?

Mr. Barr: No. Let's say within possibly a two or three year period they would meet the interim requirement for ground level concentrations; within say five years, for example, they would meet the ultimate, if you like.

Mr. Laughren: The ultimate would be in the neighbourhood of 0.34?

Mr. Barr: No, 0.34 I think is the interim.

Mr. Laughren: The figure of 0.34 would be the interim?

Mr. Barr: Yes.

Mr. Laughren: What would be the final?

Why the hell is it like pulling teeth for heaven's sake? Why can't we get a more comprehensive response? If 0.34 is the interim, what would be the ultimate?

Hon. Mr. McCague: I think it is fair to say that the matter is being negotiated.

Mr. Laughren: No, that is not fair to say.

Hon. Mr. McCague: I'm going to say it anyway.

Mr. Laughren: Why?

Hon. Mr. McCague: Because I think it is fair. It is a matter under negotiation.

Mr. Laughren: Negotiations between the Ministry of the Environment and Inco?

Hon. Mr. McCague: Correct.

Mr. Laughren: And no one else? Don't you realize, if nothing else, the appearance of that? Doesn't that bother you, that there you are perceived as sitting down behind closed doors with Inco to negotiate a control order which affects the entire Sudbury community—and beyond, because of the impact of the super stack and the distance that it spreads the pollutants? Aren't you worried about the appearance of that, at least, as opposed to making it a more open negotiation?

Nobody is trying to shut down Inco, for heaven's sake. I don't understand this. I've never understood why you are not more open in your negotiations on something like this. We have as much at stake as anybody else, those of us who live in that community. And yet you exclude us from it. It's behind doors. And it is like pulling teeth to get any kind of answer from Mr. Barr or from the minister as to where you are at on this thing. It's nuts. It's not fair.

Hon. Mr. McCague: When a decision is made you'll be—

Mr. Laughren: Oh, yes, yes, I know. After the fact you'll tell us that in your infinite wisdom you've decided these are the interim levels and these are the final levels.

All right. Let me ask you another question. What would be the level of ground concentrations now? You must know that if you are negotiating improvements.

Hon. Mr. McCague: I don't know if I can answer that directly.

Mr. Laughren: You mean you are negotiating interim levels and final levels of ground level concentrations without knowing what the existing levels are? I don't believe that, I'm sorry.

Mr. Barr: We have the levels. I don't have them, Mr. Laughren.

Mr. Laughren: Mr. Chairman, this is terribly frustrating. You must have some ideas—can you give me—?

I've never seen him before, he never gives me any rumours, envelopes.

Mr. McIntyre: Maybe you don't recognize my voice from the telephone.

If my memory serves me correctly, the highest level we recorded over the last year was something in the order of 0.64 over one hour. I think that what we all have to realize is that the levels vary according to the weather conditions that exist in the area.

Mr. Laughren: That's true of air emissions as well.

Mr. McIntyre: Yes, under all circumstances.

What Inco has been operating under for about two years now is a fairly sophisticated program of weather prediction and regulating their production so that if the weather conditions are bad, they reduce production. If the weather conditions are better they can go up to 3,600 tons without creating any kind of a problem either locally or far away. [10:45]

Mr. Laughren: That doesn't alter the amount of emissions; it merely alters the impact on the immediate community, doesn't it? Is that why they do that?

Mr. McIntyre: No, it alters the rate of emission. When you talk about the emission over a one-day period, if they reduced their production levels for four or eight hours, it significantly reduces the tonnage they discharge in any 24-hour period.

Mr. Laughren: I think I worded that very badly. I know Inco has a very sophisticated weather prognostication department there. As a matter of fact, they supply weather forecasts to the media and so forth; they're very generous. But the purpose of them doing that is so that when conditions are wrong for the immediate community they can cut back production? Right?

Mr. McIntyre: Yes.

Mr. Laughren: That is the purpose of it, is it not?

Mr. McIntyre: Yes. It is to maintain a satisfactory ground level concentration so that you don't get a fumigation and either a vegetation or human health problem.

Mr. Laughren: In the immediate area?

Mr. McIntyre: All over. If you don't have a problem in the immediate area you are not going to have a problem further out; and by further out I am talking about Sturgeon Falls, North Bay, or down south.

Mr. Laughren: Norway?

Mr. McIntyre: Yes. I think I have answered your question.

Mr. Laughren: Okay.

I am sure that the minister will intervene if he thinks I am asking questions that affect policy, questions that he would rather answer, or not answer, as the case may be. The 0.64 parts per million is the ground-level concentration per hour. Is that parts per million of sulphur dioxide particles? How can it be, because sulphur dioxide is a gas?

Mr. McIntyre: Yes, it is measured as a gas.

Mr. Laughren: And the ground level concentration is measured as a gas?

Mr. McIntyre: Yes.

Mr. Laughren: I see. In a one-hour period?

Mr. McIntyre: Yes.

Mr. Laughren: And the 0.34, the interim level which Mr. Barr was talking about, is a one-hour period as well?

Mr. McIntyre: Yes.

Mr. Laughren: So if 0.64 has been an average—is it fair to use that term?

Mr. McIntyre: No. That is the maximum. If I can recall correctly—and I can certainly get the figures for you if you would like to have them—the average last year was something in the order of 0.15.

Mr. Laughren: I guess the problem is that the poor lay person just gets used to the air pollution index standards that have been in place up there through the monitoring system for a number of years—the whole API of 5, 10, 20—and now he is going to have to cope with the new level to make a judgement on whether or not he thinks it is unfair.

Mr. McIntyre: They have been marvellous for the last couple of years in Sudbury, haven't they?

Mr. Laughren: Yes they have been, as a matter of fact.

Mr. McIntyre: They certainly have been.

Mr. Laughren: They have often been lower than in other areas.

Mr. McIntyre: Almost all of them are.

Mr. Laughren: Mind you, the amount of sulphur dioxide coming from the stack is extremely high, but you are not measuring it, that is all. That is really what it comes down to.

Mr. Wildman: They should have a stack-level concentration.

Mr. Laughren: If you measured it at the point of emission, you certainly wouldn't get improved figures over the last few years.

What I was trying to get at was that if you now have a maximum level of 0.64—we are talking rough figures, I understand that—and if we aim for an interim maximum of 0.34, that is almost a 50 per cent reduction. Can you use percentages that way when you are talking about this?

Mr. McIntyre: You can't because the weather comes into any consideration that has to be put on it. To give you a relative figure from the work that we have done and the work that they have also done—to cross-check it in terms of predictions—Inco has indicated—and we agree with this—that their cut-back levels would be something in the order of three to four times the number of

hours cut back and the number of tons of cut back on bad days—that is bad weather days—to achieve the 0.34 as opposed to the 0.64.

Mr. Laughren: As an unquantitative person to a quantitative person—I can tell by your iron ring that you are a quantitative person—could you tell me what that means? I am confused.

Mr. McIntyre: Mr. Barr alluded to it in the simplest form when he said a finite figure of 750 tons per day—if we can put that limit on them — would not guarantee good SO_2 levels in the immediate Sudbury area under all weather conditions, nor would any level other than zero. Under certain weather conditions a figure of 200 tons would create a bad level. What we are trying to do with them is to say to them you must operate your facilities in such a way that you do not create bad ground-level conditions.

Mr. Laughren: That is a nice qualitative way of putting it.

Mr. McIntyre: I am not an expert in this field either, so iron ring or not, it is not in my field.

Mr. Laughren: No wonder they have you doing that job.

Mr. McIntyre: I do have experts in the field though; I don't run on my own.

Mr. Laughren: I see. Is it possible to equate 0.64 on one side of an equation and 3,500 tons on the other side? I know weather has a bearing on it, and so forth; but with 0.34 on the left side of the equation, what number would you put on the right side of that equation? If 0.64 was on the left side of the first equation and on the right side is 3,500 tons; and 0.34 is on the left side of the second equation, what would you put on the right side?

Mr. McIntyre: You couldn't make the first equation.

Mr. Laughren: They already do.

Mr. McIntyre: Again, I must admit that I am pressing my memory fairly hard, but it seems to me that on the day we measured the high level of 0.64 they were down somewhere in the order of 2,200 tons.

Mr. Laughren: I see. If 3,500 tons is the maximum level of emission standards now, which I assume the company is meeting, and is probably considerably below that most of the time I would hope, if that is so, what level will the company have to operate at? What do you think would be the maximum tons of sulphur dioxide that could be emitted

in an average day in order to ensure that the ground emission level does not exceed 0.34?

Mr. McIntyre: I don't think I can exactly answer it in the way that you have phrased it. If I can answer it in the way of giving you an example there are certain days under certain weather conditions when the company could discharge up to 5,000 tons and have no adverse ground level conditions.

There are other days when they could not discharge 1,000 tons and still have good ground level conditions. It is very weather related.

Mr. Laughren: Will it be more difficult for them to manipulate their production levels under this system?

Mr. McIntyre: To achieve 0.34? Yes.

Mr. Laughren: More difficult than the present?

Mr. McIntyre: Yes.

Mr. Laughren: Will they have to curtail production on a permanent basis or would it just be totally dependent on the weather? Will they have to install any new technology to meet these standards?

Mr. McIntyre: Yes.

Mr. Laughren: They will. Scrubbers, that kind of thing? Do you know how much it will cost the company?

Mr. McIntyre: No, I don't.

Mr. Laughren: But there will be new technology involved?

Mr. McIntyre: Yes.

Mr. Laughren: Was there any investigation of the possibility of putting into the Sudbury area the kind of system they have at Trail to remove sulphur dioxide—I think they reduce it to elemental sulphur, is that what you call it?—which is then used in the production of fertilizer.

Mr. McIntyre: I think there have been quite a number of studies over a period of time which I am sure you are aware of, regarding the production of elemental sulphur, regarding the production of sulphur dioxide. I am sure you are aware that Inco has the largest percentage of fixation of their SO_2 from the iron ore plant of any operation in North America—better than 90 per cent fixation of sulphur dioxide out of the iron ore plant.

Mr. Laughren: They take it out of there?

Mr. McIntyre: Yes, create the sulphuric acid from it.

Mr. Laughren: That is where they load up the sulphuric acid cars from, too?

Mr. McIntyre: The problem is created in terms of the strength of the SO_2 and whether

you can produce an elemental sulphur from it for any kind of a reasonable energy cost. The studies conducted to date have indicated, first of all, that it would use a great deal of energy to do this and, secondly, there is no market for it. There would have to be a great stockpile of elemental sulphur in Sudbury, which wouldn't exactly add to the landscape's attractiveness.

Mr. Laughren: Elemental sulphur is a solid, isn't it?

Mr. McIntyre: Yes. But it does solubilize in water and becomes sulphuric acid.

Mr. Laughren: I see. I have always wondered why they couldn't regard either elemental sulphur or sulphuric acid as an undesirable but necessary byproduct to keep the air clean in the same way that tailings are considered an undesirable byproduct of the milling process.

I realize the problem of the market; it would play havoc with the sulphuric acid market. Nevertheless, if you look at the stack of the iron ore plant, usually you see very little smoke coming out of that; and I presume that's why. Then you look at the main stack at Copper Cliff, and it is disgorging those 33,000 tons of whatever on any particular day. There is a tremendous difference. I can't help but think how nice it would be if they would proceed with that process for the main smelter. It would certainly give us a much nicer environment. And you wouldn't have to be messing around with 0.34; it would be 0.000034 or in that neighbourhood.

I thank you for your response.

Mr. Gaunt: You will recognize his voice on the phone in future.

Mr. Laughren: There's not a chance. I want everyone in the room to know that I will never recognize a voice in the room, on the phone.

Mr. Chairman: Are you through?

Mr. Laughren: No. I just wanted to express my dismay again at the reluctance of the minister to be more co-operative in the provision of details like this. It is beyond me what harm it does to have these kinds of details on something that has a major public impact. That's why I started out by talking about the image of Sudbury and that sort of thing; we are all working to improve it. But this kind of secretive approach to improving the environment is nonsense. I don't know how you justify it.

It's not a competitive situation, having Inco get down to that level. It doesn't affect the sale of nickel on the world markets. Why is

that? Why do you persist in this? Is there a reason?

Hon. Mr. McCague: It's just our responsibility to negotiate with the company to cut down the emissions as much as possible.

Mr. Laughren: What if it came under the Environmental Assessment Act and you had to have hearings? Suddenly then everything would be fine and there would be no argument. People would wonder why you played these silly games all the years gone by. I think you are doing yourself and the community a disservice. I have never understood why. Obviously you are not a crusading minister or you would change that.

Mr. Wildman: I know that we are running short of time, Mr. Chairman, but there are a number of things in my area that I want to bring up. I will be as quick as possible.

First, I am interested in what you can tell me regarding vegetation studies in the Wawa area as a result of the emissions from Algoma Ore.

[11:00]

Mr. McIntyre: We have had test plots in the Wawa area for some time, extending towards Goudreau and down to the south-east. We have been measuring the effects of the discharge from the Algoma iron ore operations for some time.

Mr. Wildman: Is it true that there is a significant sulphur burn in the bush of perhaps 20 miles long and two miles wide that makes Sudbury look beautiful?

Mr. McIntyre: There has been tree damage in the past.

Mr. Wildman: Is there now? That's what I am asking basically.

Mr. McIntyre: If you are asking whether the area has revegetated, the answer is it has not.

Mr. Wildman: Is that kind of damage still going on?

Mr. McIntyre: It is not extending.

Mr. Wildman: What happens when a couple of times every summer there seems to be an inversion and, instead of the emissions going out the other way, they come in over the town and all the grass and trees turn yellow?

Mr. McIntyre: I think the Algoma Ore operation is proceeding much in the same line as the industry we were speaking of earlier in terms of matching their discharges to the weather conditions that prevail in the area in order to avoid the fumigations that you speak of. I think that last summer we had less than a third of the fumigations we have had in previous years.

Mr. Wildman: My point is that if that happens when there are funny weather conditions and it comes in over the town, it must be going out over the bush when the prevailing winds are in the other direction most of the time and doing similar damage out there as it does to the town when it comes in. Is that wrong?

Mr. McIntyre: As I said earlier, it hasn't extended the damaged area.

Mr. Wildman: Is Algoma going to be required to do something about the damaged area or is that just going to be left?

Mr. McIntyre: We're in the process of negotiating an order with Algoma at the present time.

Mr. Wildman: I won't go into the detail that Mr. Laughren did, but how long do you expect it will be before those negotiations are completed?

Mr. McIntyre: Before summer.

Mr. Wildman: Do those negotiations involve the building of a superstack, not like Inco's but a tall stack?

Mr. McIntyre: My opinion at this time would be no.

Mr. Wildman: I know at one time you were thinking of a big stack there and you decided, after the experience in Sudbury where it just spread things over a wider area, that maybe that wasn't a good idea.

Mr. McIntyre: Spreading it over a larger area is not exactly the simile I would care to use. It's just that under certain weather conditions the larger stack doesn't give the advantage that theoretically it was supposed to.

Mr. Wildman: You expect the negotiations to be finished by summer?

Mr. McIntyre: Yes.

Mr. Wildman: That means, I hope, that something will be done about the damage that has been done in the past. They won't be doing anything more in the future or will be lessening what they are doing, or both.

Mr. McIntyre: The former.

Mr. Wildman: Can you tell me what has been the effect of the lime treatment of the abandoned Algoma Ore pits at Goudreau?

Mr. McIntyre: The effect has been essentially that the pit that was creating the problem in the discharge of acid that is generated from the rock has been neutralized. We are in the same stage with it as we are with the other one. I think we have to acknowledge that the operation at Goudreau is unique. There isn't anywhere else in the world we've been able to find to draw a simile to look at

what action they took, how successful they were and what they did.

Mr. Wildman: What makes it so unique?

Mr. McIntyre: It's because of the exposure of the sulphur-bearing rock which because of prior excavation is creating the acid in it. It's kind of a natural situation.

Mr. Wildman: As you know, that whole situation was brought to the attention of the ministry by me a couple of years ago. It was brought to my attention by sportsmen in the area because of what they felt were the effects on fish life. Are you satisfied with what you have done with the lime or are you eventually going to have to fill in those pits?

Mr. McIntyre: At this stage, there are probably several things that can be done—diverting the surface runoff away from them so that the amount of water that reaches the pits is less, or neutralizing them on a regular basis—so that whatever does discharge doesn't have any effect. By the way, the work that we did on the fishery and on the streams downstream did not show any appreciable degradation of the water quality—in fact, it didn't show any.

Mr. Wildman: Okay. I'll just go through these quickly, because I don't want to use much time. Can you tell me what's happening with Missanabie and Austin Lumber's pollution at Dog Lake? The water intake for the community water supply for the old CPR water system in Missanabie is almost adjacent to the outlet for Austin Lumber into the lake, which is hardly a satisfactory situation. I'm told by the Ministry of Health inspector, northern services of the Ministry of Health, that he considers the situation to be very unhealthy. I think the Ministry of the Environment has been in to look at the situation. I'd like to know what's happening with it.

Mr. McIntyre: I can only presuppose that if we've been in our people haven't deemed it to be a problem or they would have brought it to my attention. It's unfamiliar to me. I can certainly look for it and get back to you.

Mr. Wildman: I'd appreciate that, because everybody in the area thinks it's a problem, as does the Ministry of Health. I know that they're not supposed to be looking at these kinds of things necessarily, but this guy is. You probably know him. He's from Sudbury.

All right. Can you tell me if you have any kind of control orders—you obviously don't on Austin Lumber or you'd know about it—on Algoma Ore? Or are those the ones in negotiation? Okay.

What about Weldwood Lumber and Weyerhaeuser? Weldwood Lumber in Searchmount and Weyerhaeuser in Sault Ste. Marie.

Mr. McIntyre: We had been preparing an order on Weyerhaeuser and essentially the company is proceeding with the abatement facilities that we would have asked for in the order and we aren't proceeding with the order currently. As for the plant in Searchmont, I believe we are in preparation of an order now.

Mr. Wildman: I've had some discussions with Gerry LaHaye from your Sault Ste. Marie office regarding Weldwood and it seems to me that the problem the ministry has is that Weldwood keeps crying poor. They argue that if you put an order on them they may close. How do you deal with those kinds of situations? Maybe the minister would like to answer that.

Hon. Mr. McCague: I think we've run through this one several times before in these estimates, but I don't argue with those who say that companies may cry "hard times" immediately when they're threatened with some orders. I've said before, and I believe, that it's very difficult to assess whether that, in fact, is true or not.

Times look a little better for the mills now and we may be more successful. It's very difficult to determine the actual situation, and I suppose one of the best ways to determine that would be to have an order which may be appealed, at which time those facts come out.

Mr. Wildman: One problem—and I understand the problems of the ministry—is that Searchmont community is dependent on Weldwood Lumber. At the same time, I'd appreciate if you could check into that for me and find out whether the problem is air pollution or water pollution, or both, at Weldwood.

Hon. Mr. McCague: John Barr might know.

Mr. Barr: Possibly I can clarify this. It seems to be more of an air quality problem caused by boiler stack emissions. This is Weldwood of Canada Limited. We have a section 83 report, as we call it, which is a detailed survey of the situation there. This report has been discussed with the company. We are in the process of drafting a control order which we expect to be finalized by mid-year, in other words this summer.

Mr. Wildman: Maybe you can look at Austin Lumber in Missanabie too.

Mr. Barr: At Weyerhaeuser in the Sault, we have a control order in preparation there. I think it would probably be finalized before very much longer. It's in draft form

now, so it will go through our legal people and then to the company.

Mr. Wildman: I see. The only other question I have is—because I know we're short of time I'll cut it off here—can you tell me what's happening about the pollution at the mouth of the Pick River? I have had some complaints from the commercial fishermen in Lake Superior who are very concerned about what they consider to be a very serious pollution problem affecting their livelihood. Can anybody give me any information about that?

Mr. Barr: Is there a company involved?

Mr. Wildman: Yes, American Can.

Mr. Barr: At Marathon?

Mr. Wildman: Yes.

Mr. Barr: This is the paper company. They have an order—we call it a requirement in direction but it's in the same context as an order. American Can are in compliance with their chemical plant as far as the mercury discharges are concerned. They are out of the mercury business there, but this is on the pulp and paper side of it.

Mr. Wildman: I believe it's American Can. Anyway, the Eastern Lake Superior Commercial Fishermen's Association has expressed some very real concern about fish in the area and how it's affecting their livelihood. In this case I am talking not just about the environment, which is obviously important, but also of the economic livelihood of a very important industry in the area.

Mr. Barr: My further notes here on their kraft mills indicate that this requirement in direction, or order, should be completed by the end of 1980. At the present time they are in compliance with the terms of the order but it doesn't expire until the end of 1980. Our information is that they should be able to meet the requirements of that order by that time.

Mr. Wildman: Okay, one other question. What role, if any does your ministry have—and the member for Algoma-Manitoulin (Mr. Lane) will be interested in this I am sure, as he has been involved—what role do you have in the possibility of approving the drilling for uranium in Elliot Lake or Lake Wanapitei? What's your role in determining the government's position on that, and what is the government's position?

Hon. Mr. McCague: I am not sure what the government's position on it is.

Mr. Wildman: Is that only up to MNR and the federal authorities, or are you involved?

Mr. McIntyre: Wanapitei goes back to last fall when a committee reported to the Minister of Natural Resources (Mr. F. S. Miller). Subsequently I understand that a cabinet decision was reached that the drilling would not have a detrimental effect and the government's position, as I understand it at that time, was that drilling could proceed. I think you are aware of all the subsequent events that have taken place.

Mr. Wildman: What about Elliot Lake? My information from the Premier is that because of all the representations made by the community and the local member and myself and others they decided not to go ahead, but they are looking to drill on the shore. My question is if they are going to drill on the shore beside the lake, you might have the same or a similar problem as if you were drilling right in the lake. It concerns the people involved since this is the water supply for the community.

Mr. McIntyre: The company that was proposing to drill in Elliot Lake at our request arranged meetings with the municipal council and subsequently a public meeting and—

Mr. Wildman: They were quite taken aback by the opposition of the community.

Mr. McIntyre: Yes, I understand they were. As I understand it, they are intending to drill from shore using slope drilling. Apparently the pollution potential that the public perceived in Elliot Lake would then not be anywhere as probable. What the public seemed to be concerned about was the release of radioactive materials or radon gas as a result of the drilling activity—coming up the drill hole, if you like. The drill hole doesn't surface in the lake. How could it be a problem in the lake?

Mr. Wildman: Just this one question: In the Elliot Lake area, you have got uranium all over the goddam place. Why do they have to drill in the lake? There are claims all over the area that are not being worked. There is exploration going on, as a matter of fact; there are a million international oil companies involved with claims in that area. Really, is it so important that they drill in the lake or beside the lake, or under it? It is the water supply for the community.

Mr. McIntyre: I am not a mining engineer, but I would presume that what they are attempting to establish is the degree of ore-bearing formation on their claims, perhaps to see what it contains, whether it is minable or not minable at current market, or whether it might be in the future. I would think this would be their reason.

Mr. Wildman: That's probably a better question for the Minister of Natural Resources. What is your role, though; who approves or doesn't approve of this? If they decide to follow the slope-drilling approach, who is responsible for saying, "Yes, that's okay," or "No, it's not"?

Hon. Mr. McCague: The Ministry of Natural Resources doesn't think that drilling should be subject to environmental assessment; but it feels that mining should be subject to environmental assessment.

Mr. Wildman: I know that. What is your feeling on that?

Hon. Mr. McCague: It suits me. What is your feeling?

Mr. Wildman: I don't know.

Mr. Lane: I was probably more closely involved on this particular project than anyone else. I went to the company and we had a discussion and as a result of that discussion they decided not to drill through the ice. They are, in fact, at this moment angle drilling on the shore. They told me that they had certainly anticipated drilling through the ice, and they had certain equipment made up that met the environmental requirements for such an operation. In view of the fact that they were not going to drill through the ice they would still use this equipment since they had it ready and it would be a double protection in drilling from the shore.

So they are there; they are doing angle drilling; they do have a man on the site 24 hours a day to prevent sabotage. There was some indication at one point early in the game that there was some. I don't think there is really too much concern about that company at this point in time.

The Minister of Natural Resources did tell me that as long as they met the requirements, they weren't really doing anything other than what they had the right to do. They had the right to check the quality of ore in their staking area, and as long as they met the requirements they were not breaking any rules.

But I did go to them, they were very cooperative and I really don't think we have a problem with that particular company.

Mr. Wildman: I just want to close off by saying that I would appreciate it if you could give me the information on Austin Lumber in Missanabie. When these various control orders are prepared, I look forward to getting that information from you. I am not going to try to get it before it's public. If you can look into the problems of commercial fishing in eastern Lake Superior in relation to the paper and kraft mills in the area, I would appreciate that as well.

The only other thing I wanted to deal with was nuclear waste storage proposals in northern Ontario and specifically at Marathon. I don't really know where that comes under your estimates. Is that under the federal people? Don't you have any input?

Mr. Sharpe: That's federal. We did respond to a similar question earlier in the estimates; but that's a federal matter.

Mr. Wildman: They have their environmental assessment hearings. Do you appear at those hearings?

Mr. Sharpe: Yes, we do.

Mr. Wildman: What is your position on the proposal to store nuclear wastes in the Marathon area?

Mr. Sharpe: I am not aware of that specific one.

Mr. Wildman: Well, everybody in the area is.

Hon. Mr. McCague: I guess the AECB are looking for sites.

Mr. Chairman: Mr. Caplice?

Ms. Bryden: Mr. Chairman, could I just draw attention to the minister's speech to the ACRO, the municipalities, about nuclear energy where he says, "It is my task as Minister of the Environment to ensure that energy development is compatible with environmental concerns." Does that not put you into this field?

Hon. Mr. McCague: Just as Mr. Sharpe has said—yes, we appear at those hearings.

Mr. Caplice: Dennis Caplice, environmental approvals branch. I am not aware of a specific proposal in the Marathon area to dispose of nuclear waste. I am aware of a concern and a search for a site by officials in Ottawa, Atomic Energy Canada Limited and others. I think the search will go on before any specific sites are zeroed in on for actual investigation. I think the Hare report, which was commissioned by AECL and issued last year, highlighted the fact that there were a lot of these wastes in Canada and in particular in Ontario, and that a long-term solution to their disposal was going to have to be found, and that a search would have to go on. We've generated these wastes and therefore we're going to have to deal with them. But I'm not aware of any specific site in Marathon.

Mr. Wildman: Is it not the case that they are looking for hard-rock granite sites? There has been a proposal and a lot of discussion in the northwest regarding the Marathon area. Mr. Speaker could fill you in, I am sure. There is a lot of opposition and a feeling that, before anything like this can be decided, there

obviously has to be public hearings. I would hope that the Ministry of the Environment would be appearing at those hearings to represent the concerns of the people of Ontario and specifically the people of northern Ontario.

It is true that we have generated these wastes, but when you consider the amount of ore and so on that goes out of northern Ontario without refining it, it would be ironic indeed if what we got back was nuclear waste.

Ms. Bryden: There is just one further quote from the minister's speech which I think is relevant. He says:

"Should a site be chosen for the centralized large-scale storage of nuclear waste, the best available technology would be employed in its design and construction. Advice from every level of the public, including the municipalities, would be sought and valued."

I would just like to ask whether the minister is planning to seek that advice from the public, municipalities and every other source before he makes any presentations to any hearings that the federal government conducts.

Hon. Mr. McCague: Ms. Bryden, I am not sure that we would actively seek that. We would listen to it. I am sure that all those people mentioned would have an opportunity to make their presentation, as we would on their behalf.

Mr. Wildman: I would just like to point out to the minister that I have received a large number of letters in opposition to these proposals, however tentative they are. There certainly is a lot of feeling in the northwest that if this is the kind of export product we are going to get from southern Ontario, no thanks.

Mr. Chairman: Are you all through, Mr. Wildman?

Mr. Wildman: Yes.

Mr. Chairman: Thank you very much. Mr. Bounsall, did you have any comments on industrial abatement?

Mr. Bounsall: Indeed I do.

Mr. Chairman: We are trying to wind this one up, so I hope that pretty well cleans that up. We want to get going here; we are way behind.

Mr. Bounsall: I take to heart your advice on being brief, Mr. Chairman. The minister will recall that, under the air pollution vote, I expressed my concerns over the operation of the Phoenix Log Company in Windsor and the problems which his ministry seems to have in dealing with that problem. The minister indicated that, under this vote, he

would get the answer and report. Rather than go through it, has that been looked at and does the minister have the answers?

Hon. Mr. McCague: Mr. Barr?

Mr. Barr: Mr. Chairman, the information we have on the Phoenix Log Company in Windsor is that a new cyclone has been installed and the dust-handling system now appears to be satisfactory. However, there is still a problem with sawdust from the dump trucks, I think in the loading. The company has submitted an application to us for the approval of a dump-truck sawdust-handling facility, which would be enclosed with an air-lock so that there would be no release of sawdust during the transfer operations from the trucks to the plant. We are reviewing that application at the moment.

Mr. Bounsall: The information is a shade out of date. The new cyclone precipitator was finally installed in early January. As I indicated when I was here last week, it was just the week before last that the fine sawdust, which supposedly was to be caught by that cyclone apparatus, had to be shovelled off the roof of the building. The very fine particles from the production end of the compressed sawdust log are what is covering areas of the street, so it's obvious your ministry was involved in the approval of a particular installation that appears not to be working.

Mr. Barr: The intent on the present application is to move inside, where it can be controlled, everything that's presently contributing to the sawdust loss outside.

Mr. Bounsall: There are the two problems, the two ends of the sawdust problem. One is the fine sawdust which comes from the manufactured end, which you mentioned had this cyclone cleaner installed. The other one is the sawdust unloading at the back of the building. Maybe we can zero in on one of them at a time. The cyclone installation that was put in in January is obviously and clearly not working. That is what was being shovelled off the roof about two weeks ago. As this problem started last June, the patience of the people in the 1100 block who back onto this building is wearing extremely thin. I want you to look into and report on the operations of that particular end of the operation.

Moving on to the other problem, the unloading of the sawdust at the back end, that has been a particular problem, one by which people at that end of the street have been very frustrated. Mr. Lethbridge has been out fairly continuously on that one. When he gets complaints about the sawdust blowing his re-

sponse is: "Well is it on your property yet?" "No, it isn't." "I can't do anything about it." When it does reach their property and is blowing over, even though he comes out and looks at it, his statement finally boils down to: "There's nothing I can do about it"; which is very frustrating for all of the people on the street. I would be interested in the details of this new application and the date at which they are likely to have that system in operation.

The third problem was one of the ways the company had contemplated reducing the raw sawdust at the input end, which was to put in a hardwood chipper. There was quite a clear understanding between myself and two of the residents on the street that there would be an outside test on that chipper, with a decibel meter there to indicate what sort of noise would be generated in the area with that machine in operation. The exact running conditions could not be established, but it was certainly established that those decibel readings would be taken. When the day came—and the Ministry of the Environment was in complete control—the day that this machine was going to be tested, almost predictably, the way the handling of this situation has occurred, there was no decibel meter there. The answer was that it takes two to three weeks to make an appointment for a decibel tester to get to Windsor from London and that there was only one person really capable of coming down to run it, a Mr. Jim McQuarrie.

Question number one, is that the case; and question number two, is it that much of a drain on the resources of your ministry to have a second decibel tester around, a movable decibel tester, which can be more readily available than making a two to three week appointment for it? Thirdly, along that same line, surely there are people in Windsor who could be trained to run a decibel tester machine without having to wait for one particular person, Jim McQuarrie, to be available to come from London to do it.

Mr. McTavish: I am not familiar with the particular incident that you speak of with respect to the chipper. Most of our noise abatement, as you may or may not know, is really dealt with through our Toronto office and we have been able to acquire one decibel meter. We have trained one individual, but we basically attempt to get background information for the people who are more expert in it than we in the Toronto office. I don't believe anyone is here from Mr. Manuel's group right now, and I can't speak to the one incident that you refer to, I do know that our people from Toronto are going down to Windsor in the week of April 19 to deal with

several problems we have regarding noise. I am not aware whether or not the Phoenix Log Company is one of the problems that they are going to deal with, but they will be in the area for that particular week.

[11:30]

Mr. Bounsall: It sounds as if with this other proposal they have before you that they may have given up the idea of the hardwood chipper. The hardwood chipper involved getting the machine on site and getting electrical contractors in to hook the machine up in an outside location so that one could test the noise readings in those conditions. In operation it would be inside the plant and one could have made an extrapolation as to how much less the noise would be; that was the whole intent of it. But if one has to book two or three weeks in advance, get one particular technician on site, and jibe all that with when one can get the chipper machine and the electrical contractors on site at the same time, that's not likely ever to happen. I guess my question in that area is how expensive are these decibel testers and why aren't more of them available? They can't be all that expensive.

Mr. McTavish: I can't really give you a cost on them. The price isn't exorbitant. It's the skill in using them that's the difficult part.

Mr. Bounsall: How long a training program does it take to acquaint an engineer or a technician in the use of a decibel tester?

Mr. McTavish: I'm not an expert in it either. Jim McQuarrie has had a total of a few weeks training altogether, I guess, and he is about as capable as any we have in the region. The people who are experts are really in our Toronto office; unfortunately I don't believe any of them are here today. Certain noise problems are more difficult to deal with than others. That's where the expertise comes in.

Mr. Bounsall: In this case it was simply having a decibel meter on site, with that meter recording those readings at a particular location. In fact it was agreed that it would be at the fence line of one particular property in the 1100 block of Janette. Then when the day came you had the story, which appears to be true, of having only one decibel tester and only one technician capable of running it. It seems to me that if noise pollution is to be taken seriously you are severely under-equipped in decibel testers and haven't had much of a training program for the very capable people you have in your ministry. Most of your staff, I would assume, are capable of making the short educational training that would be required to operate this apparatus.

I say to the minister and to the directors of your regions that this is one area you should be getting into. It can't be all that complicated.

Mr. McTavish: I don't know whether I am the one to comment or not, but we are attempting to work with municipalities whereby, through the model bylaw we have prepared for them, they will be dealing with noise problems. We are offering training courses through our Toronto group for bylaw officers for the municipalities. This is an ongoing program that was started one or two years ago.

Mr. Bounsall: On that question, if I could ask the minister and his top officials, is it your intention then, as far as noise reading goes, to turn this entirely over to the municipalities and not have the Ministry of the Environment involved in taking noise tests where that problem occurs?

Mr. Giles: This is the ultimate objective. Our whole approach in the noise area is to have it a municipal responsibility. You have accurately identified our difficulty in being able to respond to noise problems throughout the province. We simply haven't the staff or capacity to do it because there are large demands for this type of monitoring on an almost instantaneous basis, and we are simply unable to provide that service. Our approach is to try to develop with the municipalities the appropriate bylaws and then offer to train their staff so that in the future they can handle problems within their municipal boundaries.

Mr. Bounsall: In the interim, I would say that you should perhaps have a few more meters scattered around the province. Certainly with the degree of industrialization that exists in Windsor, it would be appropriate to have a meter there, even in this interim period, which could obviously be for resale to the municipality when you get that worked out with the municipality, so that at least that meter is there and you simply have to get one of your trained technicians to the area. I would ask the minister and his senior staff seriously to consider that proposal.

Hon. Mr. McCague: We will do that. I will write you about the unanswered parts of your question.

Item 2 agreed to.

On item 3, municipal and private abatement:

Mr. Gaunt: Mr. Chairman, I have three matters, all of which I can raise very briefly. The first thing I want to clear up, however,

is that I want to discuss the minister's speech to the Association of Counties and Regions of Ontario with respect to landfill. I presume that would come under the last vote, because it does deal with recycling, reclamation and so on. Would I be correct in my assumption?

Hon. Mr. McCague: It comes partly under this one, Mr. Gaunt.

Mr. Gaunt: Do you want to deal with it now or later?

Mr. Chairman: Go ahead.

Mr. Gaunt: In the minister's speech to the association he indicated that as far as he was concerned municipalities would have to rely on landfill for some years to come. The fact that the municipalities hadn't taken up the financial assistance available through the ministry was something of a concerning nature, but it just hadn't happened and the municipalities were reluctant to respond because of the high cost and the uncertain markets, uncertain technology in certain instances associated with plants like the Milwaukee plant, reclamation or recycling plants of that nature.

What I really want to suggest to the minister is that I think the minister and his ministry could really get this program moving. I mentioned before—I mentioned it last year, and I mentioned it again this year—that BC has put a deadline at 1981. There would be no more landfills after that date. I'm sure that the government in that province is confronted with much the same kind of resistance as the municipalities exhibit here, but for some reason or other it has taken some initiatives. They have moved forward. They must have done so on some reasonable basis or on some hope that municipalities could move into other alternatives and would be encouraged to do so, either financially or technologically or whatever.

My point is that I think there are private companies in this province which are prepared to assist municipalities on the basis that even though it may be a losing proposition for the first two or three years, they are prepared to apply the known technology which they have—and I don't hesitate in mentioning the name; I think American Can has a great deal of technology in this area. As a matter of fact, as you know, they built the Milwaukee plant. I think they are prepared to utilize that technology here and to enter into some kind of agreement with municipalities to get that show on the road.

I really feel that with the kind of statement the minister gave at the association just a few days ago he is really lulling the municipalities into thinking there is no reason to get worried or there is no reason to really look around for other alternatives. Landfill is going to be with us for years to come so why sweat; we might as well just go with the landfill and not bother about any of this other stuff at all. That, to my mind, was the regrettable part of the minister's statement. I think that the minister can show leadership, and I hope he will show leadership in this area, by moving the municipalities into some of these other areas. I fully realize that it's a tight time financially for governments and so you don't want to commit any more funds with respect to your current formula of 50 per cent for construction over a 40-year period.

That's fair enough, I understand that; but what I'm saying to you is that if you could act, as a ministry, in the role of a catalyst between private enterprise and the municipalities to get a few of these plants going in the province to serve as examples to other municipalities, then I think we would be making some progress. But with the kind of statement which you have given here, I think it just means that the municipalities will sit back and wait and continue to rely on landfill sites to cope with their garbage problems. I think that's regrettable.

I make that point and I invite the minister's response. Did you have something else in mind other than what you said in your speech?

Hon. Mr. McCague: Certainly, Mr. Gaunt. I did. I think you'd be the first one to agree that landfill sites will be with us for many years yet.

Mr. Gaunt: They'll be with us for a few years.

Hon. Mr. McCague: And as you well realize, even with resource recovery plants there's still some need for landfill. It's going to be a long time before Wawa builds a resource recovery plant.

Mr. Gaunt: That's true.

Hon. Mr. McCague: It may be quite a while. Which one in your area do you want me to pick on?

Mr. Gaunt: What about Wingham? We'd service all of western Ontario.

Hon. Mr. McCague: You do with radio and TV and political speeches.

Mr. Gaunt: Well, why not recycling? We're good in the other two.

Mr. Wildman: We've been recycling you for years, Murray.

Hon. Mr. McCague: We've been trying to develop that type of technology over a period of years. I don't make any apologies for what I said, I think it's the truth. We want to encourage people to build resource recovery plants and people are going to encourage municipalities to build resource recovery plants along with ourselves, as you well realize. They're having great difficulty getting sites outside urban areas, and that is going to be one of the dictates in itself.

You did refer to the financing of resource recovery plants. I don't think you meant to say it the way you did. The record will tell, but it is a 50 per cent grant, plus financing for the balance over 40 years.

Mr. Gaunt: What I had in mind was a plant—for instance here in Metropolitan Toronto—to service this area and perhaps the Oshawa-Hamilton area. The plant, SWARU, in Hamilton has been a disaster for a number of reasons, all of which I'm sure you're aware. I'm not going into that. All I'm saying is that if such a plant were located here, as an example, and if it were financed by private enterprise—which I'm sure could be done because private enterprise is always looking for the profit motive, and I think they're prepared to undergo two, three or four years in the red in the hope that in the longer term they'll establish these markets and be able to turn a profit—then ultimately perhaps the municipality can buy it back; they would have an option to purchase, perhaps after 10 years. That kind of example to municipalities, I think, would be invaluable. Certainly a plant in Wingham couldn't be economical to service 2,800 people, but it could be economical here where you have your markets, where you have tremendous volumes of garbage created.

Mr. Wildman: In more ways than one.
[11:45]

Mr. Gaunt: In more ways than one, right. Let me tell you—and I really don't have to tell you; you're aware of it—we don't want Metropolitan Toronto garbage up in Minto township. That's what they were trying to do. The pressures for that kind of thing are going to intensify, because they've got to put it somewhere unless there are other methods developed. What I'm saying to you is that if that were done and if it could be undertaken in the next year or so—and the technology is there, it's just the will to do it—if that could be done in the next year or so it would take a tremendous pressure off landfill sites in this province.

Hon. Mr. McCague: Mr. Gaunt, I hope I can assure you that there will be advances in the coming year. One of the problems that I have, and it may only be a personal problem, is that I'm not personally convinced we have the kinds of people you mention in the private sector who are prepared to go into these projects on the basis of hopefully making money within two or three years.

Another thing that concerns me a little is that if we were to, for instance, put out a tender today for a resource recovery plant, it's my understanding that we'd be very limited in bidders. We might even have one bid, and that puts the government in an awkward position. If you know of people who are willing to come forth and are willing to build these kinds of plants, I would like to know about it. I know of a couple which have indicated some interest, and I'd like to see more interested in it.

Since coming to the ministry I have asked staff to report quickly to me on what we might do and what we might expect in terms of bidders, or do we need to do some more development of our desires to have people participate in this field. If we are going to have more people bidding on these kinds of things they are going to have to gear up somewhat for it, I think, in order for us to get competitive bids with companies well aware of all the technology. So we are working towards this. It's not that there hasn't been anything done. We do have the resource recovery plant and we do have "watts from waste" proceeding, and Halton, Peel, Lindsay and Waterloo are actively pursuing resource recovery. So it's moving; not as quickly as you would like, but we are making progress slowly.

Mr. Gaunt: I'm only aware of two possible bidders at this point as well, but I think if the ministry indicated that this was the direction it intended to go it might shake the bushes a little bit and more people might come forward and indicate an interest.

This kind of technology at the moment is fairly limited. You wouldn't get a dozen bidders, for instance—there's no possible way—but you might possibly get three or four, and I think on that basis that would be quite satisfactory. Indeed, it's not an absolute requirement that the government have more than one bidder on this kind of item. After all, Ontario Hydro really only had one bidder that was taken seriously by Ontario Hydro with respect to its new head office building. Mind you, they did get into a little difficulty with that, but—

Hon. Mr. McCague: You were here then and I wasn't.

Mr. Gaunt: —I'm sure if it had been handled properly they wouldn't have got into difficulty. What I'm saying to the minister is, if you advertised in the appropriate way and you only got one bidder and the price was reviewed and considered reasonable and appropriate, I see no reason why it couldn't go ahead on that basis. My guess is you'd get more than one bidder, and I think if you got two bidders at least it indicates some degree of competition there and perhaps the price would reflect that competition.

Hon. Mr. McCague: I agree. I don't like the idea of one or two bidders, and I think we in the ministry will probably be doing something to encourage companies to gear up for some bids that may be coming within the next few years.

Mr. Gaunt: I would encourage that; I think that would be a very positive step and I think it should be undertaken by the ministry immediately, to encourage companies which have this kind of technology or are in a position to develop it to do so, and to do it quickly so that they are prepared in the next few months, next year, to perhaps consider bidding on this kind of project.

I'll leave that. I just wanted to touch on the Hidden Valley Inn matter. It was raised last night. I am aware that the injunction is still on. I am aware that the Environmental Appeal Board did revoke some of the conditions and replaced them with other conditions, such as the effluent out of holding pond number four, which had to be held there for a year prior to treatment and discharge and that it could only be done once a year. Also, that "the discharge of effluent shall be carried out under the supervision of the Ministry of the Environment in accordance with the requirements of the ministry."

The path of discharge—and this is really the part I am interested in—from holding pond number four into Fairy Lake shall be determined by the appellant—which is Hidden Valley Inn—and the Ministry of the Environment, "to the satisfaction of the Ministry of the Environment; and the appellant, Hidden Valley Inn, shall bring the existing sewage lagoon and holding pond up to the standards required by the Ministry of the Environment and shall maintain the sewage works in accordance with the requirements of the ministry."

The fact is, as Mr. Barr indicated last night, this lagoon effluent is going to be treated with alum which will render it safe for discharge into Fairy Lake. That's fine, that's good, I think that's substantial progress. What I want to know is perhaps a legal matter. If the in-

junction holds, which I gather it is going to, what route is the discharge going to take? Into the watercourse and then into Fairy Lake? Is that it? Is any portion of the land over which that discharge will flow involved in the injunction? In other words, is part of that land owned by the property owners who have sought and got the injunction?

Mr. Barr: I think there are several courses of action which are now imminent because of, if you like, the favourable decision of the Environmental Appeal Board involving the injunction. The legal advisers for Hidden Valley Inn must now look at whether there are other mechanisms to remove the injunction, for one thing. I think the appeal board's decision would maybe help in that regard, because this is the first event whereby the discharge was then considered to be favourable.

That, I think, is one decision the legal advisers for Hidden Valley must look at—does it help their cause in having the injunction removed.

Another alternative that would still be in keeping with the intent of the decision of the appeal board is whether there is an alternative route which does not compromise the decision. In other words, which does not infringe upon the requirements of the injunction; that is a point of discharge still relating to Fairy Lake as the eventual point of discharge but not interfering with the terms of the injunction. This, again, is being examined by the advisers for Hidden Valley Inn.

Mr. Gaunt: You're looking at alternative routes as to how you can get that discharge into Fairy Lake without violating the injunction?

Mr. Barr: Yes. Also the removal of the injunction itself.

Mr. Gaunt: As I say, we are making progress on that one. It has been a long time, eight years. As far as the appellant is concerned, I think Judge Osler summed it up when he said: "The dilemma in which Hidden Valley finds itself is one of the appellant's own making." I think that statement is absolutely accurate. I also think the ministry having worked sort of hand in glove in not requiring Hidden Valley to come up to standard as quickly as they should have, and as most other private businesses of this nature would have to do, must bear some responsibility for the tardiness and the inactivity over the years in trying to get a proper system installed which would solve the problem.

I am glad that problem apparently is being resolved and I hope that the system devised will satisfy Hidden Valley and all

the property owners involved while, at the same time, not polluting any watercourses or Fairy Lake.

The other problem I want to raise, having dealt with Fairy Lake—and I noticed you got a chuckle out of that name, Mr. Chairman—

Mr. Chairman: I heard it last night too; it's like a broken record.

Mr. Gaunt: The last matter I want to raise is with respect to the village of Brussels sewage works. Mr. Minister, you can insult me; you can abuse me; you can do anything you want; as long as you give me what I want, I don't really care. What I want is the ministry to commit funds to install and construct the sewage works in the village of Brussels.

Hon. Mr. McCague: I think that comes under the next vote, Mr. Gaunt.

Mr. Gaunt: It does, but it does have some bearing on this one, because municipal abatement is a really serious problem in Brussels. Sewage is dumping into the Maitland River. We have been trying to abate that discharge for some while and the only way we can abate it is to install a sewage works. While I recognize that development and construction is the next vote, I am dealing with the abatement portion of the problem, and presumably that comes under this vote. When will that be constructed?

Mr. Lane: Never.

Mr. Gaunt: For the benefit of my friend from the north, the member for Algoma-Manitoulin, I would say I wish him the same.

Mr. Wildman: He's just used to having nothing ever coming up north.

Mr. Gaunt: If he confers that wish on me, I'll confer the same wish on him. But under letter dated February 11, 1976, the ministry indicated that the estimated starting date for construction was April 1, 1978. This is April 12, and now we are told there are no funds available. We are not quite sure whether funds will be available but, if they are, it will be later on in the year before that determination can be made. In the meantime, Brussels is just going to have to keep dumping.

Mr. Timko: We did encounter a little problem with the engineering and we had to slow down—to stop, actually—until we straightened out some matters. The consultant has been instructed to complete the design; he is working on it, and we expect it to be finished this summer. It is just the matter of doing the technical reviews and having it ready for tender. That's the reason

we missed our April date. Our budget is undergoing review and we hope to have the money available.

[12:00]

Mr. Gaunt: Has the money been committed, Mr. Timko?

Mr. Timko: No, not at this time.

Mr. Gaunt: That's the problem. Do you think that we could get that money committed within the next little while? Would you undertake to try to do that?

Hon. Mr. McCague: Yes, I will undertake to look at it.

Mr. Gaunt: Having looked at it, would you undertake to commit money?

Hon. Mr. McCague: I will consider committing funds if we have them.

Mr. Gaunt: My understanding was that the funds had to be committed first before the matter went into the final design stage. I gather from Mr. Timko that that final design stage is now proceeding.

Mr. Timko: We went out on a limb and are in the final design stage.

Mr. Gaunt: That would tend to indicate, based on my previous information somewhere along the line, that the funds have been committed. Is that a fair assessment?

Mr. Chairman: The minister has got a saw on that limb.

Hon. Mr. McCague: The funds have been committed for the engineering.

Mr. Gaunt: Having gone that far, it would be a shame to delay the project and incur inflationary costs which in the long run would cost the ministry more. I am just simply trying to save the ministry some money because I realize how strapped it is. If that could go ahead this year, that would be a great help in terms of saving the ministry money and in terms of cleaning up some of the pollution in the Maitland River, all at the same time solving the problem of the village of Brussels.

Hon. Mr. McCague: I join you and the other 123 members in that inflationary concern.

Mr. Gaunt: But I think this priority is very high on the list, is it not?

Hon. Mr. McCague: I am sure you would think so.

Mr. Gaunt: Yes, could we say the top 10?

Hon. Mr. McCague: What's the MBR?

Mr. Timko: It's 565.

Hon. Mr. McCague: We would have several, in fact, many projects with higher MBRs than that.

Mr. Gaunt: I can bear several, but when you get to the many that worries me.

Hon. Mr. McCague: I am not sure what the total would be but there certainly are many that are higher in MBR than that.

Mr. Gaunt: But you will look at it seriously and commit the funds later on this year?

Hon. Mr. McCague: I said yes, sir, halfway through your question.

Mr. Gaunt: I asked the first question and then I asked the second question.

Hon. Mr. McCague: Yes, I will look at it seriously.

Mr. Gaunt: See what you can do, because I know you are very interested in pollution abatement, we have had a long discussion about that, and we have a situation here in Brussels where raw sewage is going directly into the Maitland River. It has been a problem for some while now. I know your priority list is established on the basis of the need, whether there are health hazards involved and so on. The size of the municipality and all those factors are thrown into the mix to decide just what kind of priority you establish.

Even though Brussels is a relatively small municipality—it's not a big municipality—of just around 1,000 people, it is right on the Maitland River. Even through the businesses there have been asked to clean up—and I think they do clean up as best they can in terms of installing septic tank systems—Brussels, by and large, is in the flood plain and the water level there is fairly high. The septic tank system doesn't work many times of the year as well as it should because of that. So the raw sewage is just simply dumped directly into the Maitland River, and that is and has been for some while a serious problem. I seriously, sincerely, suggest to you that if we can get that one going this year it would be a big help.

Hon. Mr. McCague: We'll look at it.

Mr. Chairman: Are you all through, Mr. Gaunt?

Mr. Gaunt: Yes, I am, Mr. Chairman.

Ms. Bryden: I think in my leadoff I mentioned the tests of the new minister as to what sort of performance marks we will give him as Minister of the Environment are what he is doing about five main areas: the improvement of the environmental assessment approach; the question of acting on hazardous substances rather than just reacting; the question of what to do about liquid industrial waste; the question of whether he can really clean up the pulp and paper industry pollu-

tion; and finally, waste management. The latter is the vote we are now on, I think.

Mr. Chairman: No, we are on municipal and private abatement.

Ms. Bryden: I understand that covers landfill and the management of sewage by municipalities and by private agencies. Is that no correct? I have been impressed during the two weeks of the estimates with the well-qualified staff the minister has on hand, who have attended very assiduously and given us a lot of their expertise. I think he has the staff; all he needs is the action of putting them to work on positive programs to improve the environment.

I think we would hope to see some priorities established for these areas that I mentioned, particularly liquid industrial waste and hazardous substances, the pulp and paper industry, and new substitutes for landfill. I think we all realize we are running out of landfill.

The minister seems fairly sanguine that we are moving in that field. But I would like to draw to his attention a clipping of November 25, 1976 from the London paper which says that Mr. Kerr, speaking to members of the London and District Sewer and Watermain Contractors' Association, said that he can understand that in times of financial restraint, municipalities may not rush to build the plants. He is talking about waste disposal plants, which we would like to see replace landfill. However, he went on to say, "When there are no alternatives, and we run out of land to dispose of our trash, it seems shortsighted not to invest now in this necessary transition, in order to profit and cut costs in the long term."

We have had this 50 per cent cost deal with the balance in loans since about 1974, I think, but really we haven't had very much action on it. I don't think we can keep on talking about pilot plants, because all of these plants take three or four years' lead time and we just have to get the municipalities looking at this more seriously. But as we know, they are all strapped for money, particularly with the provincial Treasurer (Mr. McKeough) cutting back on the percentage increase in grants and welshing on the Edmonton commitment. So the question is, how are we going to get some action on the production of recycling and reclamation plants to replace landfill?

I believe the minister does have power, in producing water and sewage plants, to actually go in and set them up even if the municipality is not in favour of it when there appears to be a serious situation. I would like to ask if he has power to do that as far as recycling solid waste and liquid waste plants are concerned. It seems to me there are times

when this has to be done. You could, then, as you do with the sewage plants, charge it back to the municipality or the region. In the long run, however, I think they would find that once we get markets developed for the by-products of these plants, the costs will not be as great as the municipalities see it at present. It's a case of spending money now in order to save money later.

So that's my first question: what powers does the minister have to actually go in? The whole question of division of jurisdiction in this area seems to me the problem—this divided jurisdiction between the municipalities, the regions and the province. Because of that division, nothing is happening. Is the minister prepared to actually start taking the initiative to get things done in this field?

Hon. Mr. McCague: I would think not at this point. I think we would want to work with the municipalities and I think they will work with us for the same reasons that I explained to Mr. Gaunt. I think we'll see more action in this area as landfill sites become more difficult to obtain.

Ms. Bryden: Not very much is happening right now. What about my question as to whether you do have power under the water and sewage legislation to move in?

Mr. Sharpe: Under the water and sewage program we have authority under our legislation to order a municipality to do certain things. We also have, under our legislation, provisions for financing these works if the municipality so desires. They can either finance it themselves to comply with the requirements or they can do it through our provincial financing assistance programs. That's in the water and sewage field.

We have, in the resource recovery field, methods for assisting municipalities in financing. But at this stage in time we don't have the authority, other than to clean up a problem, to order a municipality to get into resource recovery.

Ms. Bryden: You say "other than to clean up a problem." If there is a problem, such as that they've run out of landfill in the Beare Road area, can you not move in and provide facility and finance it in the same way that you finance the water and sewage projects?

Mr. Sharpe: With the municipality of Metropolitan Toronto, in the case of Beare Road, if the problem was in our opinion serious enough we could order the municipality to close that facility. Then it would be up to them to provide alternative solutions to that particular problem. We would offer, through our financial assistance program, to assist in that regard.

Ms. Bryden: Have you ever used this power to move in when there is a serious problem on a resource recovery situation?

Mr. Sharpe: We have closed some sites in the province, yes.

Ms. Bryden: But what have you done about finding an alternative site then? Has it been left up to the municipality in that case where you closed it?

Mr. Sharpe: The responsibility is the municipality's. We have offered certain assistance through our programs to resolve these problems, but the resolution of the problem is the municipality's prerogative.

Ms. Bryden: Do you think that the responsibility is entirely the municipality's under our environmental protection legislation? Does the province not also have some responsibility for resource waste management in the local areas?

Hon. Mr. McCague: I would think not.

Ms. Bryden: It seems to me it still is a very grey area. If it doesn't, I think you should be considering legislation that will break this logjam. Obviously very little is happening as far as resource recovery by the municipalities is concerned. As you mentioned in your speech we're going to have landfill with us for a long time, but we are going to run out of it in the more populated areas very quickly. The municipalities just aren't moving fast enough in this field, so we're going to have situations like the Beare Road situation repeating themselves.

[12:15]

I would like to ask what the present situation is on the Southwold landfill site? I understand there is a proposal from the city of St. Thomas to open a new landfill site to be run by St. Thomas Sanitary Collection Service Limited.

The proposal to use this new site was turned down by the OMB in 1974, but then it went to an Environmental Assessment Board hearing in 1977 and I understand that the Environmental Assessment Board approved the proposal in August 1977, despite the fact that the new site is on prime agricultural land. It is very close to the Oneida Indian Reserve and might possibly affect the water supply. There are several thousand people on that reserve in the summer.

There is a danger that the leachate, if there were any accidents, would get into a tributary of the Thames River, Turkey Creek, where the fish spawn in that area. There would be road upgrading needed to take material in and out of this particular landfill site. There are a lot of objections to it.

I understand that the Environmental Assessment Board, in spite of these objections, has approved it but that the ministry has not issued a certificate. Is that correct at the present time?

Hon. Mr. McCague: I'll let Mr. McTavish answer. I'm aware of this.

Mr. McTavish: We haven't issued the final approval yet, because part of the Environmental Assessment Board ruling was that there be certain conditions placed on the owner of the site. These have to do with the road maintenance that you have mentioned. They also have to do with establishing a fund that would be available, although the probability of any problems developing is very low, but a fund available to cope with those problems. These are being worked out with the owner, ourselves and the townships involved in the road maintenance question. We anticipate that this will be resolved fairly shortly.

Ms. Bryden: What do you mean by a fund? Were you going to ask the developer to put up some money to pay for some of the extra costs that may be required in road building and things like that?

Mr. McTavish: No, the fund does not deal with road building. The road building is a separate arrangement between the contractor and the township. The fund that we are building up is, in one part, for a leachate collection system, should it be required. There are test wells that will be operating to monitor whether a leachate collection system is required. We don't think it will necessarily be required, but we want to make sure the money is available and, should the contractor go broke or leave the country, the fund that he will establish will be adequate to cover the cost of putting in a leachate collection system.

Ms. Bryden: Does that mean you are not convinced that the leachate will be non-hazardous and that it may pollute the streams into which it will be released?

Mr. McTavish: No, I think it is a question of being ultra conservative and being in a position to deal with the problem if it ever did arise. We don't really anticipate that it will, but it will be monitored and the system has been designed. We know the cost and the fund the contractor has to provide will be adequate to cover the cost.

Ms. Bryden: Was the board concerned about the drinking water of Oneida Indian Reserve?

Mr. McTavish: We were concerned about it as well and we have made a very careful

review, along with the consultant that the owner had. This was brought out at the board hearing and we are satisfied that there is not the probability of any problem with the drinking water.

Ms. Bryden: It is still a landfill site that is being built on prime agricultural land, is that correct?

Mr. McTavish: I am not sure what class of agricultural land it is. It is agricultural land and I guess eventually it will return to agricultural land when the site is closed. The plan for the site includes the closing off of the site and how it will be finished off.

Ms. Bryden: After how many years?

Mr. McTavish: It is long term. The life of a site is at least 20 or 30 years.

Ms. Bryden: I understand that it is both class one, two and three agricultural land. Mr. Minister, this is an example of where we are taking prime agricultural land for further landfill rather than providing, say a resource recovery plant in London, Ontario, which I understand was talked about back in 1975 as the next area where a resource recovery plant would be installed. So we're using prime agricultural land for further landfill instead of getting on with the resource recovery plant in this area of southwestern Ontario.

Could you tell us what the plans are for a resource recovery plant in the London area?

Hon. Mr. McCague: Ms. Bryden, you mentioned the example of using agricultural land and that we shouldn't be doing that; we should be building resource recovery plants. I don't argue with that. I think, though, our first concern is in the establishment of the land fill site under what we consider to be very proper conditions. I think all the factors have been taken into account, including the fact that he is required to put up funds to take care of any problems that might occur—and we don't think there will be any—and furthermore, he is charged with the upkeep of the road leading to it. You won't find another one as carefully thought out by the board as this has been.

Mr. Williamson: Will comment on what plans London might have at this time.

Mr. Williamson: A ministry-funded study was carried out to look at the feasibility of a resource recovery plant in London. That was completed. Essentially, it would have depended on the cement company in the area as a major market. The demonstration project in that cement company will be carried out starting this fall, which we hope will prove the feasibility and the economics of a situa-

tion. We've asked the city to reserve a site in the area for a resource recovery plant, and the environment inspection services of the city will be visiting our resource recovery plant in Downsview within the next month to inspect it and to have discussions with us on the development of markets and the development of the technology before making a final decision to reserve the site in London.

Ms. Bryden: Do you feel the city of London is prepared to go ahead under the present financing plans they're offered by the ministry?

Mr. Williamson: I would certainly think so. Obviously, the final decision will depend on the result of the demonstration project, which as I say, will commence this fall and be completed about this time next year.

Ms. Bryden: What is the nature of the demonstration project? Is it just to see whether waste can be used for fuel in the cement plant or is it going to be similar to the Downsview one where there will be a great many products produced?

Mr. Williamson: No, the primary product from the London plant—initially, at least—would be a refuse dry fuel to replace coal in the cement kilns; and, of course, ferrous metals would also be recovered. Subsequently of course, depending on the development of other processes at our Downsview plant, they could be added to the basic plant that would be constructed.

Ms. Bryden: So it looks like it's quite a ways down the pike before we're going to have resource recovery in that area.

You mentioned, Mr. Minister, two or three other areas that are considering it. Do you see any other areas where we actually have plans or resource recovery plants being built similar to the Downsview one?

Hon. Mr. McCague: Halton, Peel, Lindsay and Waterloo.

Ms. Bryden: They actually have plans, more or less on the drawing board; or are they pilot projects? Are these pilot projects being run by the ministry or are they municipal projects?

Hon. Mr. McCague: They're basically municipal projects.

Ms. Bryden: I want to move on to another subject, Mr. Chairman. It's with regard to the York-Durham sewer and the Save the Rouge Valley System group which had a meeting with the deputy minister, Mr. Sharpe, in February of this year. Professor P. H. Jones of the Institute of Environmental Studies at the University of Toronto attended and presented a paper on alternative methods of dealing with the sewage in this area.

I'd like to quote one or two things from the brief prepared by the Save the Rouge Valley System people on February 28, 1978. This was a letter to the editor in which they pointed out, to give you the background, that, "the York-Durham sewer envisages a large system which must be flushed by large quantities of water. Instead of the possibility of recycling water and waste resources as near source as possible, they are carried many miles where nutrients must be incinerated and water dumped in the Lake." This is Lake Ontario they're talking about.

They go on to point out in their brief: "If, in fact, the technology for water pollution control is not sufficiently refined to maintain that level of protection"—they talked earlier about the necessity for proper treatment to get effluent pollution free—"then presumably what the York-Durham sewer actually does is it concentrates the risk of a very large population at one location. Clearly, in the event of failure of such a large sewage treatment plant as the one proposed for Duffin's Creek, the effects on Lake Ontario would be quite disastrous. Thus those wastes which were previously dispersed throughout a large environment become concentrated in one location and magnify the problem."

The York-Durham sewer project was based on plans for development for the Toronto-centred region. There were certain population projections included in those plans. I understand that there has been considerable modification of those population projections in the past few years, partly as a result of generally slower growth in population and slower development in this Toronto-centred region. Therefore, it does seem appropriate at this time to reconsider the further stages of the York-Durham sewer and whether it is the appropriate instrument for this particular area, in view of the fact that it's going to require a very large sewage treatment plant at Duffin's Creek, plus discharges into Lake Ontario, which is probably the lake with our greatest population pressure on it. It could have very serious effects on the water quality of Lake Ontario as well as the requirement for the complete treatment at Duffin's Creek of the very large quantity of sewage.

I was present at the meeting with the group which included a number of municipal representatives from the municipalities around the Rouge River. It included some citizens who live in the area and are very concerned about the environmental problems. At this meeting, Professor Jones presented a paper suggesting that smaller-scale sewage treatment plants should be looked at very carefully

as an alternative to some of the later stages of some of the York-Durham's sewer.

I quote again from the paper of the Save the Rouge Valley System group: "There are alternatives which can be considered better from the standpoint of conservation of water resources and waste nutrients, and at the same time reduce the magnitude of environmental impact and reduce the pressures on our future political leaders for a dense corridor of development from Lake Ontario to Lake Simcoe. These alternatives, we believe, have not been explored sufficiently and should be carefully examined by the political leaders of the municipalities concerned before the capital investment becomes so great that decisions to continue building phases 2, 3 and 4 become irreversible and future generations are left locked into a rigid system, costly and wasteful."

[12:30]

So I would like to ask if the minister could comment on what further discussions he's held with his deputy and his officials regarding this presentation of Professor Jones. Would he also address the comments that were made at that meeting from a number of municipal representatives, as well as citizens, that they would like to see a further examination of the professor's proposal, and a further look taken at the population projections and the planning for the Toronto-centred region before any further stages of the York-Durham sewer are proceeded with?

Mr. Sharpe: I think the way we left it was that we would ask the municipalities if they were interested in looking at these other arrangements that might be considered for future phases. These phases really are in connection with that portion that would be constructed in the future to serve the area north of Aurora, the Holland River area. If there was a desire by the municipalities to look at other ways or not go ahead with the future phases, we said we would like to be advised of it. We gave a committal that we wouldn't be going ahead with these against the desires of the municipalities, because in the long run they will have to pay for them.

Ms. Bryden: Have you been in touch with most of the municipalities since that meeting as to whether they would like to get together and reconsider?

Mr. Sharpe: It hasn't come to my attention that the municipalities have got back to us on that question. Is Mr. Wilson of the York-Durham project here?

Mr. Wilson: We have had some discussion with the commissioner of engineering for the

region of York, and he has indicated so far that the region is keen to continue with the project as originally designed and envisaged.

Ms. Bryden: I think it's some of the smaller municipalities that would like to see this alternative looked at. But are you leaving the initiative entirely up to them, Mr. Minister? As a result of that meeting, I think the people there expected your ministry to try and get the municipalities together to discuss the question.

Mr. Sharpe: We said that if they would get together in any way, we would attend and discuss this matter with the local municipalities. We gave that commitment at the time and I gather that they haven't responded to that request.

Mr. Wilson: Nothing has come from them.

Ms. Bryden: I think when you leave the initiative to a group of municipalities, unless one of them is named as the activator nothing will happen. It's really up to the ministry, if this question does merit some reconsideration, to try and get the municipalities together at least to discuss it and look at the proposal.

Mr. Sharpe: I was not convinced at that meeting that the representatives of the municipalities were entirely in agreement with the proposal. It was for that reason that we phrased our commitment the way we did; that if they showed an interest in this regard they would then come and see us and we would be glad to meet with them on that point. But if the councils of those municipalities wanted to proceed with the future phases of the York-Durham project, then of course we will do so. It's really up to them.

I think Mr. Wilson has indicated that the region, which has this responsibility by legislation, has indicated that they want to proceed. I think that's a matter to be worked out between the region and the regional municipalities involved.

Ms. Bryden: Did you not also undertake, at that meeting, to contact the Ministry of Agriculture and Food regarding its feelings about the proposed plans and also the ministry concerned with regional planning, which I presume is the Ministry of Housing right now, regarding the population projections and whether this project did now fit in with the new population projections? Did you not undertake to contact those ministries?

Mr. Sharpe: No, we didn't. There was a Ministry of Agriculture and Food representative at the meeting and he was aware of the concern, but we didn't undertake that. I know the chairperson at the meeting repre-

entering the group was pushing that particular point, but we didn't undertake to do it.

Ms. Bryden: I may be wrong, but I think perhaps the representative from the Ministry of Agriculture and Food did undertake to talk to his ministry about it and perhaps get back to the group. It still seems to me that this is a very important element of our planning for this area and that it should be reviewed. If the ministry is just letting it drift under plans that are really out of date as far as population and general regional development go, then it is abdicating its responsibility for seeing that we get the best sort of environmental system for the disposition of the sewage in this region.

One of the problems which was pointed out at this meeting is that development follows sewage systems. What the large trunk sewer system will do is remove any greenbelt areas between the communities, and development will fill in the greenbelt areas so that we will have one continuous development north from the lake for many miles and we will have lost the effort to provide communities separated by greenbelts.

Hon. Mr. McCague: We would be putting in sewers at the request of municipalities, which I would think would have cleared these matters with various ministries, probably Agriculture and Food and Housing. It's true that the population projections are probably somewhat less than they were five years ago. By the same token, when you were doing the construction you would want to do it for what might be the ultimate population, even though that target might not be reached for four or five years longer than was originally intended.

Mr. McGuigan: I would like to refer to landfill. I will briefly go over some of the history of things that have happened in the county of Kent. The city of Chatham wants a landfill site from a private group and the agreement runs out in 1979. Fearing that it was facing a monopoly, the city moved to get another piece of land, which unfortunately, was right next to a small village. This piece of land had been used as a private dumping ground for some time. They were trying to extrapolate that situation, but it caused a great deal of opposition on the part of about 90 people who lived close by. There were headlines and a great battle and so on, as you are probably well aware of. The city and the county have decided to drop this. They are now looking for another site. I don't say it's impossible to find another site that will not have a lot of residents, but 3 per cent of Kent county has been developed for agriculture.

It's composed of two land structures. One is heavy clay soil which is ideal for the landfill site but is also very good farming land, particularly for soya beans. The rest of the county is sandy tills and moraines, and, of course can't be used because it would pollute the water supply. So when this private agreement runs out in 1979 I think you are really going to face a confrontation situation there; people will just not put up with landfilling. There is a breaking point with all citizens. We try to obey the law, we try to be good citizens, but there comes a time when a breaking point is reached. You might be heading towards that in Kent county as to landfilling in a year or so.

One of the steps taken was that last fall a group from the city and the county visited Mr. Kerr. I was there and the Treasurer (Mr. McKeough) was there. Both the Treasurer and Mr. Kerr spoke very encouragingly about a resource recovery plan. Mr. Kerr even suggested that they might enhance the 50 per cent deal; and the people and I went home feeling quite encouraged that some new initiative would be taken.

Then shortly afterwards a letter came along saying that landfilling was the way to go, and you said in a speech that landfilling is the way to go.

Hon. Mr. McCague: I didn't say that.

Mr. McGuigan: You said it was the way for several years. My main complaint is that there is just not enough initiative being shown towards a new method.

I pointed out in a talk to the county council that if you really took the total concept of landfilling and the total costs, if the people dumping their product there were to carry the total costs, in Kent county they would have to buy 1,000 acres of land to adequately protect the people who border on that land, to keep the paper from blowing on them and avoid the smells and the noise of the trucks and all of the disruptions; it would require 1,000 acres of land. The site itself would be very small, say 50 acres, but you would have to buy 1,000 acres of land. To actually put the cost where it properly belongs, and that is on the people who are putting the product in there, that would be \$2 million. The Dillon people estimated the cost of an incinerator plant at \$4 million.

So I was pointing out that if you really did a proper job, even of landfilling, you are approaching half the cost of an incinerator. Mind you, I know an incinerator still requires some landfilling, but on a very much smaller scale, and a much less objectionable

scale. If you look at the question of the products that would be recovered, it is normal business practice to offer one price to one person and one to another. Someone who is interested in, say paper that is used for insulation, may say to one company, "We want you to get that paper and we will offer you A dollars per ton"; and they will say to another company, such as a recycling company, "You have this thing coming out of your doors anyway so we will offer you B dollars for that type of thing."

This is normal business practice, predatory business practice. It could be taken care of by similar things to marketing boards. We have had marketing boards in years gone by for shingles and fish and items other than agricultural items. I just don't believe you are showing enough imagination and enough leadership to really take care of this.

[12:45]

It's my observation that if the city wants a new civic centre, somehow or other they get the money, millions of dollars, to put up a civic centre. There's a great ceremony opening it and somebody gets their name on the portals—this is so-and-so's civic centre; if it's a generating station it's so-and-so's generating station; a bridge is known for posterity as so-and-so's bridge. I would think it would be a great thing if the minister had an incinerator named after him.

Hon. Mr. McCague: McGuigan's pretty close.

Mr. McGuigan: I would be glad to lend my name to an incinerator. I might even consider offering myself, when the time comes to go through the place.

I think more imagination needs to be shown and more pressure put on the proper priorities. We seem to find the money to do some very grand things, and an item like waste disposal is something we try to chuck into someone else's backyard.

My colleague from Lincoln tells me there is a similar situation in his area. I know he hasn't a lot of time to get on here, but we have these problems all over the province. I think you're going to find a real confrontation in Kent county in not too many months.

Hon. Mr. McCague: I guess what you were saying was that everything considered, probably resource recovery of some kind is just as cheap as landfill. Our program is there. Mr. Kerr may have at one time considered increasing the government's assistance to resource recovery plants, but I think it's very difficult to argue that it isn't quite generous at this point. It's a 50 per cent grant and funding for the rest over a 40-year period.

If you're right in your assumption that it's as costly to do it by landfill as it is to do it by resource recovery of some means, I don't see why this wouldn't be attractive to the municipalities. As I said before you came in, it's probably—you say the ministry is not taking enough leadership—I think the leadership is going to come from the kinds of situations you have just mentioned.

Mr. McGuigan: The problem is that people are getting away with not doing a proper job. They try to buy 150 acres or something of that sort. Instead of putting up capital costs they're just paying interest. Until the proper pressure is put on them, they're going to continue doing what they are, taking the cheapest way out. It's only the natural thing for economic man to do, to try to take the cheapest way out. As long as we're split into various municipalities, when one municipality doesn't have to suffer any political consequences of doing something in another municipality they're quite naturally going to do that.

I think your offer of a 50 per cent grant is a very generous offer, I don't fault that one bit. I think you're not putting enough emphasis on the true picture as to the dangers that people face, and the real moral and economic and social issues that are involved.

Hon. Mr. McCague: There have been some problems with the odd waste disposal site, but on balance there haven't been any problems with them over the years.

Mr. McGuigan: There are problems to get new ones. The first people didn't know what was coming. The people now know what's coming and it's going to be a lot harder from here on.

Hon. Mr. McCague: There are some well run landfill sites in the province.

Mr. Hall: Mr. Chairman, Mr. Wildman has graciously permitted me to speak for a few minutes. I am concerned about finding out more details about a proposed landfill site in Glanbrook township which is part of the Hamilton-Wentworth region.

The reason for my concern is that I am told the site is on what constitutes the headlands and some water sources for the Chippawa Creek and a river which runs through the region of Niagara, which is part of my area of concern; it primarily affects the lands bordering Chippawa Creek or what's known as the Welland River. The concern I have is why a landfill site at any rate and why there? I'm interested to know what the ministry's role is in the selection and approval of a site. I would like to know what the ministry's evaluation of this particular site is and I

would like to know whether public hearings will take place and when.

There is a fear that there will not be a proper opportunity for input by objectors. In the circumstance that we have here, there's a fear of water contamination as a secondary result of the use of the site in an area where you've had several pieces of information suggesting there are artesian wells and springs on the site. This possible contamination could affect wells and the water source for livestock.

It's not in a municipality that is going ahead with the program. The region of Niagara says it is maintaining a watching brief on this. I would hope it is. More and more, week by week, I am getting drawn into this matter, which is not in my riding but which may, if what we're told is true, have bad effects for my riding.

As a general rule, I feel that the city of Hamilton should solve its own problems within its own boundaries. I know they have made some efforts to do that. They've had an ongoing problem with their SWARU plant. Exporting it in this manner is most upsetting to many people in my constituency. I'd like to seek the reassurance of the ministry, if not in the few minutes given to us today then by direct contact with me, to get a clear understanding of how it is protecting the people of my constituency in any plans of this nature.

Hon. Mr. McCague: The involvement of his ministry up until this point is practically nil. It's a regional site within the Hamilton-Wentworth region. It's property on which they are desirous of creating a waste disposal site. They have to go through the proper procedures which are an environmental hearing, plus rezoning at some point as I understand it.

Mr. Hall: Is the environmental hearing set up and scheduled by your ministry?

Hon. Mr. McCague: It's by law and necessary. We will be appearing at the hearing, addressing just those kinds of concerns you have mentioned about water courses and so forth.

Mr. Hall: Is your ministry staff aware of any of the concerns I have expressed?

Hon. Mr. McCague: I'm sure they are.

Mr. Hall: Who is listened to at such a hearing? I can appreciate the people in the proximate area will be involved. There used to be regulations where you sent notices out to people within a certain proximity of a site. Obviously people several miles away wouldn't fall under those general rules. I

want to know what opportunity people whose livestock and water supplies might, in their minds, be affected—whether it's true or not I don't know, but I think they should have the opportunity to be fully satisfied. How are they notified and to what extent do they have equal right with anybody else to express their concerns? Furthermore, in your view what would be the responsibility of the engineering staff of the Niagara region to act on its own and speak out against this, even though it is the wish of a neighbouring region—if indeed there is anything they should be concerned about?

Hon. Mr. McCague: It is my understanding that anybody who is concerned about it can appear at a hearing. There is no doubt that anybody who reads the paper will know about it. There will be ads and there will be concerns expressed, as there have been from time to time. So I think everybody would have the right to express their opinion.

Mr. Hall: This is a formalized type of hearing

Hon. Mr. McCague: It could be a formalized kind of hearing, but as far as I understand they are very careful to hear everybody; and it doesn't have to be evidence given by a solicitor for instance.

Mr. Hall: Could you tell me whether this particular site of land has been acquired?

Hon. Mr. McCague: The answer is no.

Mr. Hall: So it's held under some form of option, I assume.

Hon. Mr. McCague: I presume so.

Ms. Bryden: If I am correct I have also had communications from the people in the area who are very concerned about the possibility of this affecting the Welland River. There was an article recently in the McMaster bulletin about a charge of pollution dumping into a tributary of the Welland River. The judge dismissed the charge by observing that the creek was already so polluted that the acid in question could not further deteriorate it. I think that this is a problem, that this new proposal may also affect the river.

I'd just like to clarify—

Mr. Chairman: There's no time, Ms. Bryden.

Ms. Bryden: Just one question: Will the people in the area receive adequate notice of the hearings, not just in the Hamilton-Wentworth region, but would there be advertisements and so on? There is a fairly wide concern about the area and I'm not sure

whether the board doesn't have the right to decide who shall appear unless they are actually economically affected. So that should be clarified as well, as to who has the right to appear.

Hon. Mr. McCague: It will be widely advertised. Anybody who feels they will be directly affected has the right to be present.

Mr. Hall: When might this take place, Mr. Minister?

Hon. Mr. McCague: We don't know at this point.

Mr. Chairman: It is now 12:57. We'll adjourn and we'll meet again tomorrow night to finalize the estimates of the Ministry of the Environment. We are on vote 2003, item 3, municipal and private abatement. Mr. Wildman will be on deck tomorrow night. Thank you very much.

The committee adjourned at 6 p.m.

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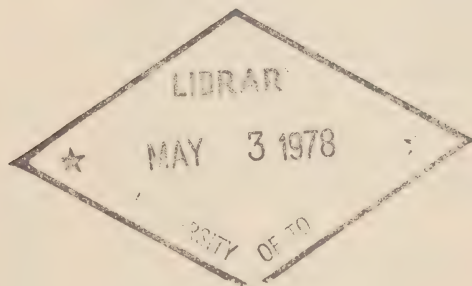
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Legislature of Ontario Debates

Official Report (Hansard)
Daily Edition

Resources Development Committee

Estimates, Ministry of the Environment



Second Session, 31st Parliament

Thursday, April 13, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, APRIL 13, 1978

The committee met at 8:08 p.m.

ESTIMATES, MINISTRY OF THE ENVIRONMENT (concluded)

On vote 2003, environmental control program; item 3, municipal and private abatement:

Mr. Chairman: Mr. Wildman was scheduled to make the opening remarks tonight, but he's not here so far. I was just wondering, are there any further comments on item 3?

Mr. Lupusella: Mr. Chairman, on a point of order, if I may. I don't know if this point of order is appropriate. Can I request from the Minister of the Environment the legal aspect of releasing photocopies of the file, a request which I made in my previous statement in relation to the Wilkinson Foundry plant?

Mr. Chairman: You made that two meetings ago. Is that correct?

Mr. Lupusella: Yes.

Mr. Chairman: Did the minister make a commitment at that time to provide you with the information?

Mr. Lupusella: Considering that I received a phone call from one of his officials stating that he doesn't know the legal aspect as to whether or not it is feasible for him to release the complete file, and considering that there is no confidential information in the file in relation to the residents or individuals living in that particular neighbourhood, because I'm representing them, I would like to request that the minister answer in relation to the legal aspect or way of proceeding for a member to make such a request. In my opinion, at least, I don't see reasons why the file couldn't be released if it is possible.

Mr. Chairman: Could we have some comments from the minister or the ministry officials on that?

Hon. Mr. McCague: While it is true that Mr. Lupusella, I understand, did ask my staff for a copy of the complete file as it applies to Wilkinson, I did not detect from what he said in the last two sittings of this committee that he wanted production of the full file. I didn't get that message.

Mr. Lupusella: Yes, I did.

Hon. Mr. McCague: We did supply the member with some information on each of the industries in his riding. As for any correspondence or minutes of meetings that we have in connection with Wilkinson, I am quite prepared to release those. Until I get a legal opinion, which I don't have, I have a little hesitancy to disclose to the member, even though they may all be people whom he represents, letters that we have received from people in regard to Wilkinson. If the member is satisfied that we get for him at the first of the week the file as it applies to our activities with Wilkinson, he is welcome to them.

Mr. Lupusella: In other words, the position is clear that I am going to receive photocopies of the file in relation to the kind of work which your ministry has been doing in the past year in relation to this particular issue, and you are going to seek legal advice in relation to any kind of a correspondence between your ministry and the residents.

Hon. Mr. McCague: No, just let me be clear about that. Obviously, if we got a letter from a resident, we would reply to it. But it's in the reverse—the letters from people and the replies to them—that I am a little concerned about.

Mr. Lupusella: Okay. I would be pleased if you complied with the first portion of my request in relation to the activities that have taken place between your ministry and the factory involved. Until the second issue is clarified with assistance of your ministry's legal counsel, I hope I am going to receive an answer from you in relation to this second part of my request.

Hon. Mr. McCague: I will give you an answer in writing on the second part.

Mr. Lupusella: Thank you.

Item 3 agreed to.

Items 4 to 6, inclusive, agreed to.

Vote 2003 agreed to.

On vote 2004, resource recovery program; item 1, waste utilization:

Mr. Chairman: Ms. Bryden?

Mr. Gaunt: Mr. Chairman—

Mr. Chairman: Do you want to toss for it?

Ms. Bryden: I'll let Mr. Gaunt go first.

[8:15]

Mr. Gaunt: I have a few comments with respect to this vote. I have before me the speech which the minister gave to the Association of Counties and Regions. He indicated the objectives of the ministry in terms of the waste recovery program were as follows: To reduce the quantity of waste produced, to recover to the greatest extent practical resource materials and energy values contained in waste, to reduce to a minimum the use of land for waste disposal and to achieve these objectives at the least cost both in terms of dollars and employment to the public.

I mentioned about recycling waste paper and I will start off with that one. I want to refer to the resource recovery report on paper recycling in Ontario by Dr. J. A. Donnan of August 1976. I did allude to that report previously and I did mention about paper recycling in my opening comments, specifically paper recycling in terms of the environs of this building because there's a considerable amount of paper generated around the Queen's Park complex. I thought that that was a good place to start.

I want to refer, however, tonight to page 23 of that report. I am going to read this into the record because I want to ask the minister a couple of questions in relation to it. The report says: "While government policies themselves may not have been direct barriers to increased recycling, they have contributed to the market trends and structural conditions that have inhibited growth in paper recycling.

"The policies of concern are of two types. First, there are the various policies and programs carried out by both the federal and provincial governments to encourage development in the north. Various agencies of both the federal and provincial governments have worked closely with pulp and paper companies in planning, building and expanding mills in the northern regions of the province. It is, in fact, the stated objective of different federal and provincial agencies to encourage the development of northern areas through expansion of the industries already located there, particularly the pulp and paper industry. These policies and programs have helped direct the industry's investment to the north rather than to the south where waste paper would have been the natural fibre source.

"The second government policy area that could be inhibitory to recycling is taxation. Canadian income tax regulations permit a

paper company with certain types of timber limits to deduct 33½ per cent of all its profit from taxable income for a given tax year. The use of waste paper does not permit this deduction. In addition, the federal Department of Revenue classifies some waste paper dealers and brokers in such a way as to be ineligible for the accelerated capital cost allowances which manufacturing and mining firms are permitted. It may be argued that the special tax concessions, where they are not available for the use of waste paper, help to make the ultimate costs of virgin material lower, relative to the costs of secondary materials."

My questions are twofold. I am wondering if there has been any consideration given to establishing a pulp and paper company in the south, as this report has indicated, to utilize waste paper as the natural fibre source? As the report indicates, the whole thrust and the whole development has been up north because that's where the virgin material is. I am wondering if there has been any consideration given to that.

Hon. Mr. McCague: Yes.

Mr. Gaunt: And what results have flown from that consideration so far?

Hon. Mr. McCague: The study of it is being conducted by the Waste Management Advisory Board. In a meeting with them last night, I was advised that within the year, they will have some very definite proposals to present to us for exactly what you are saying.

Mr. Gaunt: Good. The second one, I realize, is federal; the income tax changes to which reference was made are federal. I realize the minister, having been in the portfolio only since February, hasn't had time to go up to Ottawa and enter into negotiations with the federal government as to whether the income tax changes and tax concessions alluded to could be adopted at the federal level. But I'm wondering if the minister or his officials could do that or would do that within the next few months to see if some incentives could not be built into the tax system to encourage recycling.

Hon. Mr. McCague: I'll refrain from giving you the smart answer to that one.

Mr. Gaunt: We're not going to have a change of government in June, so you just make your plans accordingly.

Mr. Chairman: Is that official?

Mr. di Santo: I wouldn't be that sure.

Mr. Gaunt: Well, you've heard of Gallup polls—this is the Gaunt poll.

Mr. Chairman: Galloping poll.

Hon. Mr. McCague: Why don't you take it from a real pole?

Mr. Gaunt: Okay, I'll take it from a real pole.

Hon. Mr. McCague: You know what dogs do to poles, eh?

Mr. Gaunt: There's got to be a smart answer to that, too, and I won't touch it.

Mr. Lane: With a 10-foot pole.

Mr. Williamson: I know that the solid waste division of Environment Canada had proposed a study on what I think it called statutory instruments, because there are quite a large number of different instruments in the federal government which could influence the sale of recycled materials, as opposed to primary materials. I'm not sure whether that's to proceed or where it's at the moment. I think our own Waste Management Advisory Board will also be carrying out a study on some aspects of this from our own provincial point of view.

Mr. Gaunt: So the studies that will be carried out from the provincial point of view will have an emphasis on this kind of thing, on tax policies, both at the provincial and federal levels?

Mr. Williamson: Not necessarily only on tax policies; let me say, on incentives and disincentives in this area, on constraints and possible means that will remove constraints. In transportation, freight weight is another example of the kind of thing that possibly should be looked at, because there is some concern that it may be slanted in favour of the primary industries, rather than the secondary materials industry.

Mr. Gaunt: So the statutory instruments committee at the federal level is apparently looking at that, and you're not sure of the current status at the moment?

Mr. Williamson: No, sir. They had proposed to carry out a study, essentially to identify all the possible federal instruments which might have an influence on this matter. I'm not aware of whether that study was started or how far it's advanced.

Mr. Gaunt: Suffice it to say, Mr. Minister, that I think this is an important area for recycling. I think the paper recycling program in this province could get a very substantial boost with a little effort and perhaps a little money and encouragement in the right places at the right time. I hope your ministry will undertake what I would term a major thrust in that area in the coming year.

Hon. Mr. McCague: I might just say, Mr. Gaunt, now that we're past the vote, and

now that we've decided the issue on bottles and cans, I think the Waste Management Advisory Board is well aware of this problem and will have recommendations for us very shortly.

Mr. Gaunt: I want to turn now with respect to recycling of waste oil. We talked earlier about the oil that is being sprayed on the roads and the danger which exists from its use in terms of PCB content and the fact that some of those PCBs undoubtedly end up in our watercourses or lakes. I mentioned earlier on that I was hoping the ministry would be able this particular year to undertake a testing program before any oil was put on the roads to make sure it didn't contain any PCBs, and if it did then it wouldn't be used for that purpose.

I think that kind of thing is a short-term answer to get us over this year, but let me deal in the longer-term now for a moment if I may. I want to relate to the committee one experience that an entrepreneur, a chap by the name of Forsythe, of Forsythe Lubrication in Hamilton, had in respect to trying to establish a waste oil recycling plant in Ontario.

In 1970, he began to build a waste oil refining plant and develop the technology. He began meeting with the Ministry of the Environment back in 1971 to try to sort out a few of the details, one of which was the fact that he wanted to be guaranteed a supply of waste oil. He met with limited success on that point. In 1974, a report by Don Skinner of Environment Canada, called "Preliminary Review of Used Lubricating Oils in Canada" recommended that: 1. All refinable oils should be refined. 2. They should not be sprayed on roads, because of chemicals they contain.

The Ministry of the Environment here commissioned its own study in 1975-76. The study was done for the ministries of the Environment, Energy, and Transportation and Communications, and I think it was undertaken by an outside firm from California. The study basically echoed the same conclusions as the federal study.

I should point out to the committee that in 1972, 188 million gallons of motor oil were sold in Canada. Those were the latest figures I could get hold of. I am sure there must be some later figures around somewhere, but I just couldn't find them. Suffice it to say that if it was 188 million in 1972 it's substantially more now, I am sure. I would presume well over 200 million gallons a year are used in Canada.

There were over 80 million gallons of waste

oil produced in 1972 and there is 12 million to 14 million gallons a year of collectable waste motor oil in the province. Of that collectable waste motor oil, my understanding is if that were recycled and reprocessed it would constitute about two per cent of the oil requirements for our transportation system in this country. This means, in effect, now that we have the problem with imported oil and because of the fact we're dealing with almost \$14 a barrel oil instead of \$2.50 a barrel, as it was in 1972, this becomes a much more significant factor. If we could avoid importing two per cent less oil into this country than we are currently doing that would have a fairly substantial impact, not only on our balance of payments but in other ways as well, which are obvious.

[8:30]

Well, the Forsythe plant was forced to close down in 1975 because they were unable to get sufficient supplies of waste oil. They were in competition with disposal companies that sprayed the waste oil on the roads and, as you know, municipalities are subsidized by the province to spray waste oil on the roads. This year, I gather, some five million gallons of waste oil will be sprayed on the roads, presuming that the minister does his testing and presuming that that waste oil tested is safe for application. If it is not safe I presume it won't be applied. Of course, there is an incentive there for the disposal companies to put it on roads because they are paid I believe 30 cents a gallon to do precisely that.

There are other companies which compete for the available supplies of waste oil. St. Lawrence Cement is one of them. It is a cheap source of fuel for them and I suppose they'd like to get all the waste oil they could possibly get their hands on because it is much cheaper than bunker oil and from an economic standpoint as far as their operation is concerned they are in the market for waste oil as well.

The health hazard of spraying oil containing PCBs on the road is obvious; the effects on human health are obvious; the effects of the material eventually getting into the lakes and streams and ending up in fish is obvious. Really what I am saying is that the best solution is to recycle the waste oil—to recycle the collectable motor oils and reprocess them and then reuse them, which I indicated previously could save us up to two per cent on our oil imports. As for the other waste oil, the PCBs and other waste materials could be removed from it and then it could be used for spraying on the roads, for burning in cement plants

and what have you after it has been rendered safe.

But I am saying to the minister, really, through you, Mr. Chairman, that as far as I am concerned, aside from this year, which we can't really do anything about other than test the oil and make sure it's safe, the longer term solution is to require that all waste oil in this province be recycled. Recover the waste motor oil for reuse and the other oil would then be rendered safe, the waste material—dangerous waste material in some cases—would be removed from it and it could be reused.

I thought I'd try that on for size with the minister. Is it a good idea?

Hon. Mr. McCague: Anything that works is a good idea.

Mr. Gaunt: I think it can work.

Hon. Mr. McCague: All the obviouses that you mentioned, in our opinion are not obvious. I would just like to mention that point.

As far as the Forsythe plant is concerned and what it was able to do versus what other plants are able to do, I am not familiar with this. Who can answer that for us? Maybe Mr. Macfarlane.

Mr. Macfarlane: The Forsythe plant is now under new ownership. It was bought by a man called Mr. Chalhoub within the last year or two and seems to be operating successfully with every expectation of continued success. There are of course, other oil recovery programs going ahead. I am thinking of two in Hamilton. Steel plants recover a great deal of oil, which a few years ago there was no economic necessity to do, but there is now a very active program of oil recovery in Stelco and Dofasco. Furthermore, in the course of the last year one of the companies in Hamilton specializing in the recovery of organics, oils and solvents and the like, recovered something like half a million gallons within a 12-month period. So what may have been a languishing industry a few years ago is now very much a burgeoning industry, especially in the Hamilton-Kitchener general area and I have no doubt, elsewhere too.

Mr. Gaunt: Mr. Forsythe sold it because he'd ploughed a lot of money in and he just wasn't getting a return on his money. I guess it almost broke him financially, so he had to turn over the plant to someone else. He was fortunate enough to sell it and, as you have indicated, the plant is making a comeback. But I think plants of this type deserve some kind of encouragement and incentive and I can think of no better way to accomplish a number of purposes than to require the recycling of waste oil in the province.

Hon. Mr. McCague: I appreciate the fact you brought that up. I don't think it is as foolproof as it might appear. You did mention the matter of road oils and I think we mentioned the other night that 100 parts per million is the standard they set in the US or oil that is used for road purposes.

You also mentioned St. Lawrence Cement. There are various methods of destroying the PCBs in oil; really what we are all talking about is making use of the oils and in that case it's a use as fuel, as most of them are in the recycling process.

I suppose Mr. Forsythe at no time had any problems with the thought that there might still be PCBs in the end product.

Mr. Gaunt: You mentioned 100 parts per million as the requirement in the United States. That seems to me to be quite high. Do you agree with that requirement? Do you think 100 parts per million is appropriate?

Hon. Mr. McCague: It is very difficult for me personally to answer. We rely on the Ministry of Labour to give us the parameters, the threshold limits on these matters. I don't think we have much reason to doubt the expertise that they have used in determining these limits, but at this point we haven't decided yet in Ontario.

Mr. Gaunt: Has the Ministry of Labour indicated that it agrees with the 100 parts per million?

Hon. Mr. McCague: I don't think so at this point.

Mr. Sharpe: Mr. Chairman, I talked to you about this morning. We have requested they report to us giving us some type of indications, either in the form of a tentative guideline or standard for the levels for these different purposes. They have indicated to me this morning that they will be taking some time to do this. I mentioned to them the tentative level that was set by EPA in the United States and the person I was talking to just didn't comment. They are working on it and they will come with their own recommendations to us.

Mr. Gaunt: You mentioned this could take me time, Mr. Sharpe. That wouldn't be established before the summer spray program this year would commence.

Mr. Sharpe: We were hopeful that they could but it is a difficult question for them to answer. In the meantime we may have to take some action if they are too long on it.

Mr. Gaunt: And establish your own parameters?

Mr. Sharpe: We would have to take a look at some number. The minister has mentioned

the level that was set as a tentative standard by EPA in the States for all oilings, so that is a possibility.

Mr. Gaunt: Okay. I'll leave that for the moment.

I wanted to turn now to the matter of the waste management report, specifically as it applies to the agreement the minister has arrived at with the soft drink industry. He indicated it voluntarily was going to embark upon a program whereby 25 per cent of the soft drinks sold would be in the non-returnable form and 75 per cent in the refillable bottle form. Incidentally, that would be by the end of 1979—a little better than a year and a half away. I am wondering how this will be monitored to make sure the voluntary self-restraint program which the ministry has promised to do will accomplish the parameters which the ministry and the industry has agreed upon.

Hon. Mr. McCague: Monitoring is done by a private company. I think the company that has been used to now is A. C. Nielson.

Mr. Gaunt: And they will report to you periodically? Or how is the system set up?

Hon. Mr. McCague: Every two months. They put out figures for two months at a time.

Mr. Gaunt: And has this commenced yet?

Hon. Mr. McCague: It has been ongoing. Perhaps somebody could help me. I don't know when it started. Mr. Crabtree.

Mr. Crabtree: The information that is to be used is indeed provided by the A. C. Nielson Company. They have been retained by the soft drink industry over a considerable period of time to collect this information for the OSDA and they do it on a bi-monthly basis by monitoring the numbers of cans and bottles in retail stores.

Mr. Gaunt: What are the latest figures, Mr. Crabtree, in terms of percentage? What percentage is now in non-returnables and what percentage in refillables?

Mr. Crabtree: The latest figures I have are for the December-January period—December 1977 to January 1978. They show that the proportion of total gross gallonage sales that is in refillable containers is now 65.6 per cent, creating a balance of 34.4 per cent in non-refillable containers.

Mr. Gaunt: And of that 34.4 per cent what percentage would be cans and what percentage in non-refillable bottles?

Mr. Crabtree: Approximately one-seventh of that is bottles and the balance is cans.

Mr. Gaunt: And what kind of shift has taken place? You say this is pretty well ongoing so I just want to try to determine what kind of a shift has taken place in the usage of each type of container say in the last six months.

[8:45]

Mr. Crabtree: There are annual fluctuations that occur over the year. There tends to be an increase in the use of cans during the Christmas period and again during the summer period each year. So, to be representative, if I may, I would prefer to give you the same period a year ago—December-January of 1976-77. At that time, the proportion in refillable containers was 48.2 per cent and the balance of 51.8 was in throwaway containers.

Mr. Gaunt: So there has been a marked shift there, hasn't there?

Mr. Crabtree: I would say those two figures are reasonably comparable, yes.

Mr. Gaunt: Of course the threat of the ban on April 1 moved a lot of people over into the refillable bottle container.

Mr. Crabtree: There has been a steady decline in the use of the throwaway glass bottle over a period of well over a year, yes.

Hon. Mr. McCague: Mr. Gaunt, I hope you have caught the 7 per cent in non-refillable glass which was the one that was going to be banned,

Mr. Gaunt: That's right.

Hon. Mr. McCague: I just don't want you to be misled by that.

Mr. Gaunt: No. Seven per cent in non-refillable glass.

Mr. Crabtree: At the present time, it's five per cent.

Mr. Gaunt: I see. After 1979, where do we go from there?

Hon. Mr. McCague: 1980.

Mr. Gaunt: I'm not talking about the calendar. I'm talking about the soft drink industry, and containers. Where do we go from there? I have my calendar too and it reads exactly the same as yours.

Hon. Mr. McCague: I really don't know the answer to that question, Mr. Gaunt. We are hoping the public will respond to this without necessarily having any adverse effects on employment, or having to be told which way they should proceed. The figures, I think, are obvious. We might have pointed out to you that the NR glass had dropped, but in spite of all that, so has the use of the can as we have tried to make the public more environmentally conscious. That was

the route we chose hoping that it would work. I think it is going to be a year from now at least before we know how well that sort of voluntary program is working.

Mr. Gaunt: The solid waste task force report in 1974 said, "The total refillable system for soft drink containers instead of a mix of cans, non-refillable bottles and refillable bottles, would be superior on all counts—a lower demand for non-renewable resources, a net increase in employment, half the amount of pop container litter, tremendous energy savings, less cost to consumers and savings in solid waste collection and disposal."

Having spent \$400,000 on that report, the minister feels he is now committed to the self-restraint route. Any improvements from here on are going to be done on the basis of negotiation between the ministry and the industry and on the basis of self-restraint within the industry itself, plus consumer education. Is that a fair statement?

Hon. Mr. McCague: I didn't say that. You were asking me what happens after 1979, and we are hoping the public will realize what the aim is. Without doubt, that is to cut down as much as possible on the environmentally less-acceptable containers. We are hoping that the people will go along with us on that. If that is not the case, it may be necessary at some point to take further actions. I am not sure. The recycling may have quite an effect on it also in the coming two or three years.

Mr. Gaunt: That's right. If you get into proper recycling programs, I am sure it will have quite an impact on the use and the availability of these types of containers. What I am driving at is that, depending on the success of the course of action upon which you embark, you haven't entirely ruled out that you might employ at some time down the road a totally refillable system for soft drinks in this province.

Hon. Mr. McCague: Certainly, Mr. Gaunt, you will realize you can't rule anything entirely out. We hope that it works well, and that there are some more recycling facilities in place in coming years. I think we just have to leave it there.

Mr. Gaunt: I think my commitment to construct the Brussels sewage works was more firm than this particular commitment.

Hon. Mr. McCague: We are hoping so. There are a lot more votes in that Brussels plant than there are in cans and bottles.

Mr. Gaunt: All right. I'll take the Brussels construction of the sewage works. If we can

do it this year, I'll certainly take that and argue about the bottles later.

Hon. Mr. McCague: And be back with another one next year.

Mr. Gaunt: Possibly. I have one other matter here, then a couple of quick questions and I'd be glad to relinquish the floor. This is with respect to the York-Durham sewage system. This has been a rather contentious issue because I have some correspondence here that was written to the Premier (Mr. Davis). I see a lot of correspondence and, lo and behold, it happened to end up on my desk.

I gather there are some major concerns of people in that particular area with respect to this project. I think what they are saying is that there are soil filtration methods of waste water disposal which could be undertaken, and they would like this area to be a pilot project for that kind of study, rather than going the route of a major trunk sewage system in the York-Durham region. My question is, do you have or do you propose to have any out-house studies as opposed to in-house studies done in regard to this?

Mr. Haggerty: It sounds like seven rooms and a path.

Mr. Gaunt: Well, it's an appropriate term for it.

Hon. Mr. McCague: And a hole for the porcupine.

Mr. Gaunt: Have any outside studies been done with respect to the practical application of soil filtration systems as opposed to what you are embarking on in this regard?

Mr. Sharpe: That was a proposal that's been advocated by people centred in the University of Toronto. It's linked in with the Save the Rouge" committee which Ms. Bryden talked about last night. They are proponents of this idea. It certainly isn't a replacement treatment system for the size of the York-Durham system. It might certainly have an application for small municipalities. The septic tank field tile system is the very simple demonstration of that sort of theory. The work that has been done has been done by a former professor of the University of Toronto. He's a great advocate of this. He has approached us a number of times in this idea, as has one of his colleagues, Dr. Jones, who was referred to by Ms. Bryden last night.

What they're really saying is that there are alternatives to the big pipe in certain areas, and it's one they're particularly concerned with now because the York-Durham sewage system is a foregone conclusion. We've spent, literally, millions of dollars; it's

under way and it's not reversible at this time. However, there are two additional phases to be undertaken in the future. They will be undertaken at the wish of the municipalities involved. The responsibility rests with the regional municipality although the municipalities that are part of those regions may have some other desires, and if these are brought forward in the proper way they will be considered first by the local municipality which has this responsibility, and then by the regional municipality which would ask this government, through this ministry to participate in our program.

The very difficulty in this whole area is that these systems either depend on the receiving waters or land disposal. Land disposal has definite limitations. So really, other than for very small communities, we don't think that this is the viable solution to servicing in this particular greater metro area.

Mr. Gaunt: I won't pursue it. I didn't recall Ms. Bryden mentioning it. Perhaps she dealt with it after I had left on Wednesday. I'll read it in Hansard. I don't want to take the time of the committee to pursue it tonight.

I have two quick questions. How is the glass gobbler program coming in the city of Toronto? I think it's an excellent program and I hope that it expands and moves into other parts of the province. I just want to know the latest on it.

Hon. Mr. McCague: Maybe somebody here has the tonnages that they're collecting. It's working fine. They are extending the program in co-operation with Variety Village to another 30 locations within the city, for which Variety Village, of course, will receive some funds. It's working well.

Mr. Gaunt: Are they in the black then?

Hon. Mr. McCague: I think it's making them a slight profit, as far as I know.

Mr. Williamson: My information from Elliot Dalton is that it is making a slight profit.

Mr. Gaunt: And do the people intend to expand the program even further than it is now?

Mr. Williamson: Very definitely. They are very enthusiastic about it and they'd like to extend it just as quickly as possible. I don't quite know how they are going to. They are, at present, using containers which we lent to them and certain equipment which we lent to them and I think they probably intend to purchase their own at a later date.

Mr. Gaunt: And it's still being run under the auspices of the glass container council?

Mr. Williamson: Oh, yes, certainly.

Hon. Mr. McCague: I think it's going to be extended to Ottawa. That was the one that they had under consideration.

Mr. Gaunt: I'm glad to hear it. That's a good program.

The other matter has to do with the processing of waste tires. Last year I mentioned that and we had a discussion about it, and the fact that that material can be used in asphalt road construction, and how it enhances the life of the road because it gives it certain qualities of contraction and expansion. I'm wondering if, beyond what we talked about in December last year, any progress has taken place in the interval.

[9:00]

Hon. Mr. McCague: I'm not sure what you talked about last December.

Mr. Gaunt: I think Wes does.

Hon. Mr. McCague: I would like to answer you myself. I know what's happening now, but I'm not sure what was happening last December.

Mr. Gaunt: As I understand it, it was a pilot project and they were starting to look around for funds from the ministry, as one source. I think one of the councillors in Metro, Mr. O'Donohue, was trying to get Metro as well as the ministry to put some money up front. He wanted to undertake it as a pilot project to deal with this material which then could be utilized, not only for road building but for other purposes as well.

Mr. Williamson: I'm sorry, but that's not quite correct.

Mr. Gaunt: I'm a year older and my memory just isn't as acute as it was.

Mr. Wildman: You became a year older yesterday, Murray.

Mr. Gaunt: That's right.

Mr. Williamson: The ministry was not asked for funds at any time in this program. This was really a Metropolitan Toronto program which Metro was operating with the University of Toronto. It was not really a ministry program at all.

Mr. Gaunt: My recollection—and I stand to be corrected—was there had been some approach made to the ministry for funding, I guess, on an informal approach basis. It was indicated that the ministry really didn't have any funds available for that kind of experimentation at that particular time. I'm wrong in that?

Hon. Mr. McCague: Mr. Gaunt, I couldn't be sure about that. What was puzzling me is whether we have set up an interministerial committee to look into the matter, and that encompasses Energy, Transportation and Communications, Environment, and Industry and Tourism, for alternate uses of old tires.

Mr. Gaunt: Yes, I pursued it with the Minister of Transportation and Communications last year when his estimates were before the general government committee and that's what I was told, that he was involved in an interministerial committee. Now I'm getting to it—no progress has been made, other than the fact that the committee continues to sit.

Mr. Haggerty: Do they do that much?

Hon. Mr. McCague: Not knowing the answer to that, I would like to get you that answer and forward it to you by mail, or hand delivery.

Mr. Gaunt: Or hand delivery.

Mr. Haggerty: In the fullness of time.

Mr. Gaunt: All right. Well, I hope some progress has been made. I hope the letter is longer than a one-paragraph, two-sentence transmission.

Hon. Mr. McCague: Do you like long letters?

Mr. Gaunt: I like letters that contain some body of information, and I hope you're able to give me some substantial detail as to the progress of this particular committee.

Hon. Mr. McCague: I'll be very glad to do that.

Mr. Mancini: You're getting off pretty easy tonight, Mr. Minister.

Mr. Gaunt: Okay, I'll pass. Thank you, Mr. Chairman.

Mr. Lane: I only have a short item.

Ms. Bryden: Have you not got me on the list? If not, I'll hurry.

Mr. Chairman: The PCs haven't used up even an hour, so I think we should be fair. Mr. Lane will be very brief.

Ms. Bryden: You have me next, I hope.

Mr. Lane: I think under this section of vote 2004 would be the cleanup of the old cars, the abandoned motor vehicle program that you had some years ago. It was working quite well, but I haven't seen too much of it lately. Is this program still available, and under what circumstances does a municipality have the program available to it?

Hon. Mr. McCague: Yes, the program is still available to municipalities. It's worked

well. It's available at their request. In 1976-77 we provided about \$300,000 to that and in 1977-78 the payments to date were \$111,000. The program is in its fourth year of operation. The ministry enters into contracts with the municipality and funds all costs including the hulk collection and the derelict motor vehicle site preparation and administration. The revenue from the sale of hulks remains with the municipality to create a self-sustaining system.

In 1975 and 1976 there were 13,000 such vehicles collected at a cost to the province of about half a million dollars—and in 1977 there were 9,500 cars collected at an estimated cost to the province of \$370,000.

Mr. Lane: Thank you, Mr. Minister. By "self-sustaining project," you mean the funds from the sale of this waste would be used to continue to clean up cars?

Hon. Mr. McCague: That's right. If there is revenue from the sale of the used cars it remains with the municipality so that they can continue the program on their own.

Mr. Lane: So there doesn't necessarily have to be any inventory of volume before the municipality applies. If they have got a bunch of old wrecks around, they can apply; and if they get approval, they go ahead with the program regardless of whether they have one truckload of wrecks or 10 truckloads.

Hon. Mr. McCague: That's right. We have Lake of Bays township, for instance, where the payment was \$250 and we have Rainy River where it was \$23,000. The city of Timmins, \$22,000. So it varies all over the province.

Mr. Lane: Thank you very much. As I drive from one riding to another I see a number of these old vehicles sitting around. They are an eyesore and I like to think that maybe we can get a couple of projects going with the municipalities up that way.

Ms. Bryden: Resource recovery is a pretty important subject these days. They say you shouldn't waste waste, and I think that's what it's all about, but I am a little surprised to notice that the amount of money in the estimates has hardly grown at all and that last year \$1 million of the amount in the estimates was not spent.

The estimate was \$8.1 million and the estimated actual expenditure was \$7 million. This year, it is up to \$7.483 million. This doesn't indicate any great change in the program or any additional emphasis on this very important program.

I am getting a little tired of hearing about the same pilot projects year after year—the Downsview Resource Recovery Plant and "watts from waste"—but we don't seem to be making very much progress in getting an overall province-wide resource recovery program going. Yet, in his speech to the Association of Counties and Regions of Ontario, the minister pointed out, I think, that we find the problems of waste management now escalating as we run out of suitable landfill sites. He said: "The problem is compounded by the habits of our throwaway society and the increasing generation of industrial waste including many toxic substances."

The problem is growing but the ministry's program seems to be at a standstill. The minister goes on in his speech to point out that as equally important as the cost of waste disposal is the real waste of resources and energy which garbage represents. He mentions we throw away two and a quarter million tons of paper and half a million tons of metal every year. I think we really have to get a whole shift of emphasis in the ministry on the questions of resource recovery, from reaction and cleanup to really trying to meet the four objectives which have been stated by the ministry as its objectives—that is, reduction of waste, reclamation of waste, recycling of waste and reuse of materials.

We have to go to the conservator society, and show that we are really going for it. I would just like to quote a little bit from the latest report of the Science Council of Canada, called "Canada As a Conservator Society." It says on page 58: "Simply by better recovery and recycling from solid waste, the typical community of 100,000 could conserve up to 3.5 million gallons of fuel per year, 30,000 tons of paper and cardboard, 3,600 tons of ferrous materials, 700 tons of non-ferrous (aluminum, lead, zinc and copper) and 4,000 tons of glass. The operating cost of incinerators would be reduced by 30 per cent and their capital cost by 60 per cent, and 15 acres of land per year would be spared from use for waste disposal by landfill."

So that's the sort of dividend that would pay off if we really shifted to a conservator society. But it seems to me we have to develop an active approach to achieve this. We have to go in for more public education for the development of new attitudes; for the development, also, of new products and new technologies which will be less energy-consuming and more easily reclaimable and recyclable. We have to develop new patterns of operation for our industries; perhaps com-

pletely different methods of operating that will produce materials in a less polluting way. We have to develop new equipment which will use less energy and be less polluting. We have to develop new packaging and marketing and transportation technologies in order to make the best of our resources.

But, of course, doing all these things will generate a great deal of activity in our economy. It will create jobs. It will create research jobs and we can develop new products for our markets so that it is also a dividend-paying operation. But I think we have to show a little initiative in moving towards the society.

One of the particular problems we have to be doing much more work on, I think, is the landfill replacement program. We know we are running out of landfill, particularly in southern Ontario. But at the moment, the municipalities are still trying to find new landfill rather than switch to municipal recycling plants similar to the Milwaukee one. But the longer this is delayed, the more expensive it becomes because it is slower to produce the market when only a few municipalities are getting into the field or when there are only pilot projects operating. The longer you wait, the more it costs to produce your new plants and the more problems you end up with in your landfill which you then have to spend great sums of money on correcting.

We also have to start looking at source separation and I know the ministry is trying this in some of the municipalities to encourage householders to separate their garbage so that some of it can be reclaimed or marketed.

Sometimes, in our efforts to achieve one thing, it seems to me we end up making another mistake. This package was dropped in North York, in most households, I gather. It is a large envelope with nothing but a symbol on it and inside is a folder telling people that recycling begins at home and the words "Divide and Conquer" in a kind of petit point on card. You just wonder how much solid waste this generated itself, through people who just put it in the garbage. I know you have to attract their attention somehow, but we have got to do much more in getting all of the municipalities co-operating and getting people educated through the schools and by whatever media we can use.

[9:15]

Hon. Mr. McCague: Was that in North York, Ms. Bryden?

Ms. Bryden: Yes, the person who sent it to me lives in North York so I assume it was distributed throughout North York. I think we also have to start looking at the use of

garbage for both heating and fuel. I know we are starting that but I think the ministry should be looking pretty closely at this proposal that the St. Lawrence housing development, down in the St. Lawrence area of Toronto, could be heated by a plant using garbage. I understand CMHC is looking favourably on it but it will probably require some stimulus from all levels of government.

As far as the development of markets goes, one wonders where the market is for telephone books. I phoned Bell and asked them what they were doing about recycling the telephone books and they said absolutely nothing. They had no place they could advise me to send them. If they are not doing anything, it seems to me that the minister should be very concerned that something is done about telephone books and that all that paper should not be wasted. Perhaps he could answer that particular question. Are you doing anything about telephone books?

Hon. Mr. McCague: We have a problem with telephone books. I asked the same question the other day.

Mr. Haggerty: Did you get an answer for it?

Hon. Mr. McCague: Partially.

Mr. Crabtree: Mr. Minister, as you are probably aware, Bell did make considerable efforts last year by arrangement with the Salvation Army to go through the process of collecting these telephone directories, which are all generated in a very short period of time and represent quite a considerable tonnage of paper. The problem, of course, was appreciated for this year and they went to the same process of arranging contracts with one or more cellulosic insulation companies to take these telephone directories. You may also be aware that Bell Canada arranged for the glue that is used for holding these books together to be of a soluble nature such that it would be compatible for recycling.

However, the problem that has now arisen is that over the last few months, with the drives for the recovery of newsprint and the escalation in price that has occurred, the result of this has been that there is now an oversupply of newsprint and the insulation companies that were to take the telephone directories from Bell broke off the contracts because there was a more than an adequate supply of newsprint which is of a better quality for their purposes. This is the reason that Bell now has the problem of not being able to get rid of the directories this year.

Ms. Bryden: Is the ministry looking at other possible uses? Presumably if the news-

print is being used for insulation and so on, is there not another possible use for the telephone books at an economical price?

Mr. Crabtree: As compared with newsprint for the purposes of insulation, the telephone directories are considered to be mixed waste as grade, as compared with newsprint which is a higher grade, and therefore that particular use for the moment is closed to us. It was certainly one that we had been pursuing quite vigorously and encouraging Bell Canada to follow, as it seemed to be a useful outlet. At the moment, we don't have a substitute.

Ms. Bryden: Are you looking for new uses for telephone books?

Mr. Crabtree: Yes.

Ms. Bryden: This is the sort of problem that I think the ministry should be facing all the time. When there is a large quantity of material that could be reclaimed that is not being reclaimed then we are losing resources and just dumping it into landfill sites.

A similar problem, I understand, is scrap metal which is not being fully used. The market is not very strong for it and yet it could save a great amount of both energy and costs in the metal fabricating industry. What is the picture on that?

Hon. Mr. McCague: My information is that we do have a market for any scrap metals that are being separated. Wes, you may want to elaborate on that.

Mr. Williamson: Yes. There is no difficulty in marketing scrap. The price at the moment is down but, of course, so is the price of steel to some degree, so the secondary material price for scrap is down, but as far as the market is concerned there is no difficulty whatsoever. Foundries and many steel mills can take any of the tin cans, for example, that we recover. We have a contract with one company for the experimental plant steel.

Ms. Bryden: Is most metal that could be reused being extracted and separated?

Mr. Williamson: Not necessarily being extracted because, of course, there is a large quantity of ferrous metals still going out with garbage and going into disposal sites.

Ms. Bryden: I think that's probably part of the problem all right. We have to start looking at the materials that are not being reclaimed.

Mr. Gaunt: May I just ask a supplementary with respect to the telephone books? Mr. Crabtree, has the Is Five Foundation been contacted with respect to those telephone

books, because they are engaging in substantial paper recycling programs at the moment?

Mr. Crabtree: They are, indeed, engaged in a newspaper collection program. To my knowledge they haven't been involved in the telephone directory one.

Mr. Gaunt: Could the ministry act as a sort of a catalyst and get the two parties together? It seems to me that they could handle that kind of volume.

Mr. Crabtree: The problem, Mr. Gaunt, is not one of collection but one of what to utilize them for.

Mr. Gaunt: I would imagine that some place along the line there must be some use for that; even though they have broken off, the contract had previously been undertaken. There must be some use somewhere. I guess it is a matter of finding where it is. I am wondering how actively that is being pursued by the ministry, are you involved at all at this point?

Mr. Crabtree: Until just about a week or two ago, Bell was under the impression that it had a contract and now unfortunately it has the directories and no contract.

Mr. Gaunt: Could the ministry get involved in it and try to resolve this?

Hon. Mr. McCague: I think I mentioned to you earlier that there was a possibility of a paper recycling plant, some plant, within the next year in the southern area, as you have mentioned.

Mr. Gaunt: Yes, but will it be soon enough to accommodate this problem?

Hon. Mr. McCague: This year's telephone books? I would doubt it.

Mr. Gaunt: That's the problem.

Hon. Mr. McCague: It is a problem and it's one which I don't think anybody is to blame for. The paper pickup has increased dramatically in the last year; the market is flooded and there doesn't seem to be any solution for it.

If I might just ask a question to clarify something about the Is Five people, my recollection was that they were collecting paper but not necessarily recycling it? Is that right or incorrect?

Mr. Crabtree: They are collecting with the purpose of selling for cellulosic insulation use.

Ms. Bryden: There was an article in *Legacy* in March 1978 about the Kord Products Limited plant in Burlington, which makes flower containers, starting containers out of newsprint. The company's biggest production problem is the supply of newsprint, but you

say that there is a surplus of newsprint right now. Is it possible that this plant could use telephone books?

Mr. Williamson: At the time that Kord was in trouble the insulation manufacturers were hunting for newsprint and consequently the price went up very high, it was a price that Mr. Kord couldn't afford to pay. However, the price has now gone down substantially and I don't think Mr. Kord has any problems. He is taking some material from the experimental plant, as well.

Ms. Bryden: Do you think he could use telephone books?

Mr. Williamson: No, I don't think so. His process isn't suitable.

Ms. Bryden: Well, Mr. Minister, have you been involved at all in this suggestion that garbage or sewage might be used for the housing project in the St. Lawrence area of Toronto, south of Front Street?

Hon. Mr. McCague: Personally, I have not been. Has somebody here been involved in that?

Mr. Williamson: I think the Ministry of Energy has been involved in that particular project.

Ms. Bryden: The report just came out. Perhaps you should be looking at it to see whether the ministry needs to act as a catalyst to get the thing going.

Hon. Mr. McCague: We can get them the garbage.

Ms. Bryden: Yes, I'm sure you can. In fact, one sometimes wonders if the number of reports that come out of the ministry aren't adding to the need for recycling of paper. A lot of the reports are excellent but they don't always seem to be acted on. I know that the waste management advisory board had a resource depletion study done by Middleton Associates which was received early in 1977, and in their report they say at year-end the board had taken no action concerning this report. I would like to ask how much the report cost. I gather it was looking at the future likelihood of the disappearance of world reserves as well as what was going to happen to costs where shortages would develop. It seems to me that this should be looked at but the board has apparently made no recommendations on what we should be doing after spending money on this report.

Do you know what the cost was, Mr. Minister?

Hon. Mr. McCague: Mr. Castel do you have the answer to that?

Mr. Castel: No, I think Peter's got the answer.

Mr. Crabtree: I don't recall the figure, but I know that the report was done in a very short period of time. It was a baseline type of report intended not to result in recommendations for the board to make to the minister but to provide the board with background knowledge on the particular subject. It was a small one and it was never intended to lead to publication or, as I say, to recommendations.

Ms. Bryden: So it has not been made public.

Mr. Crabtree: No.

Ms. Bryden: Would it be possible to obtain a copy, Mr. Minister?

Mr. Crabtree: It has to be submitted to you, Mr. Minister. In fact, there were no recommendations from it and so the board has not passed it on; it has not taken any action on it, as recorded.

Hon. Mr. McCague: If it comes to me, I'll consider it.

Ms. Bryden: Thank you.

Hon. Mr. McCague: You have had quite a few questions to date, some of which I haven't answered but I would like to address one answer to you and to Mr. Gaunt. It is that, come hell or high water, in the next three months I am going to go and look at that Milwaukee plant.

Mr. Gaunt: Good for you.

Hon. Mr. McCague: It keeps being referred to and it must be the next thing to heaven; and I certainly want to get there before too long.

Mr. Gaunt: If you want some company Marion and I will go down with you.

Hon. Mr. McCague: I don't know whether that wouldn't be a conflict of interest.

Mr. Gaunt: I don't see any conflict in that.

Hon. Mr. McCague: However, in the waste management field, in the packaging area, it is one of the matters being very actively pursued by the waste management advisory committee at the present time. When will we have a report from you on that, Peter?

[9:30]

Mr. Crabtree: There are several ongoing projects, that we'll all be tying together by mid-summer. We anticipate then being in a position to submit a report to you with recommendations. One of the recommendations we would envisage being the establish-

ment of close liaison with the relevant sections of industry interested in packaging, so that we can get their input and feedback before establishing the guidelines in any firm way. I would anticipate such liaison taking place in the early fall of this year.

Hon. Mr. McCague: Ms. Bryden mentioned that some of the reports that we produce seem to be adding to the waste that we generate, but it's amazing how all these reports show up at estimates time.

Ms. Bryden: It's true, but I would like to see some action on them rather than them just being referred to at estimates time.

Hon. Mr. McCague: I would too.

Mr. Haggerty: Some of the reports have been almost recycled.

Hon. Mr. McCague: Murray recycled almost a whole office full of them not long ago.

Mr. Chairman: Even last year's Hansard

Ms. Bryden: I'd like to ask about the couple of recycling plants that we do have. What capacity is the Downsview pilot project operating at now?

Hon. Mr. McCague: Is it 450 tons a day?

Mr. Williamson: No, the transfer station is the only part that's fully operational, and that has dealt with more than 900 tons in one day. The processing section is designed for 300 tons per shift or 600 tons per two-shift day. It's already started. It's been operational for the last few days. It will be consistently operated by the private company which is going to operate it starting on April 19.

Ms. Bryden: And when do you expect it to reach the 600 tons per day?

Mr. Williamson: It could take a month or six weeks before we get up to our full capacity.

Ms. Bryden: And what percentage of total garbage in Toronto does that 600 tons per day represent?

Mr. Williamson: It's about seven per cent.

Ms. Bryden: So it is very much a pilot project.

Mr. Williamson: Not really. Six hundred tons per day is probably the equivalent garbage and industrial waste from an industrial community of about 250,000 people.

Ms. Bryden: But we would need 15 plants or so, of that size, to do all of Toronto's garbage.

Where are we on the operation of the SWARU plant in Hamilton, Mr. Minister? I understand Tricil has taken over the opera-

tion of it. There were some problems with its operation. Is it anywhere near its capacity? I think it too is 600 tons a day. Can you tell us what's happening there?

Mr. Williamson: No, the plant isn't at capacity. It's been operating at less than one-third of capacity since it started in 1972. Tricil have just taken it over at the beginning of this year, so I wouldn't expect any improvement yet. A considerable amount of capital expenditure will be required to bring it up even to 400 tons per day.

Ms. Bryden: And what percentage of Hamilton's garbage would 400 tons per day represent?

Mr. Williamson: About 25 per cent.

Mr. Mackenzie: As a supplementary, do you ever expect that plant to operate anywhere near capacity?

Hon. Mr. McCague: I think that depends on how the plant develops.

Mr. Mackenzie: For an awful lot of years it's been the talking point of Hamilton, and it's come nowhere near capacity. We seem to have done nothing but pour money into it. I'm just really wondering about the 600 tons a day, do you ever expect to get anywhere near it?

Hon. Mr. McCague: I think it depends; again, there is some updating that's necessary, and that depends on what they do.

Mr. Mackenzie: What is the advice or recommendation that you're getting from your professional people? Do they think it's worth the money trying to do it? Are they going to come near that figure?

Hon. Mr. McCague: It's a reasonable plan.

Mr. Mackenzie: I know that, but you people must have been monitoring or watching what's going on in this for a good number of years now, I would think.

Hon. Mr. McCague: We're hopeful.

Mr. Mackenzie: Hopeful? You're probably more optimistic than I am.

Ms. Bryden: I'd like to ask about the Ajax steam plant which at the moment is being operated by Industrial Steam Limited, a private company. I gather the franchise runs out in 1980 and they're planning to shut down, although it's providing steam for a good many municipal operations in the area as well as for some industry. The main reason they're closing down, I understand, is that the cost of their steam when generated by conventional fossil fuels is considerably higher than the companies converting to using natural gas or oil or coal. However, if this plant was converted to being operated

by garbage-produced fuel it probably could become competitive or more than competitive with fossil fuels, and if it was expanded it could attract new industries provided that the fuel cost was competitive.

I know there was a feasibility study undertaken by the ministry as to whether this plant would be expanded or assisted in any way; but the feasibility study took a very narrow approach, they just looked at the cost of using conventional fossil fuels in it and of servicing the present people using it, rather than looking at the potential costs if it was expanded considerably and if new customers were found and new industries developed in the area, based on the fuel cost that it might be able to generate if it was operated on a larger scale and had more efficiency.

I wonder if the minister would consider what my predecessor in this position suggested in 1977, and that is a proper resource recovery study for the region starting from the base of this plant and the existing group of users in the town; and then to look at the potential growth of such a plant based on a garbage-produced fuel and the resulting costs, and at the potential for increases in employment and general development of the area. That would be the kind of study that is really needed if we are to look at the viability of trying to maintain this particular plant. I think, also, we have to recognize that the fossil fuels are going to be going up and this plant may be the sort of thing that we're looking for to make use of our garbage, to avoid landfill and to develop new "watts from waste" programs. Would the minister consider this kind of a study?

Hon. Mr. McCague: I think we did an assessment of the plant in 1977 and then the town requested a follow-up study, which was not agreed to by the province. However, the town is proceeding with a further review of the options to provide for the continuing operation of the plant. As I said, the province has no commitment towards this study. However, at the council's request, we did appoint a person to furnish technical advice and we expect the consultants will be reporting in June of this year.

Ms. Bryden: Mr. Minister, since this fits right in with the whole concept of trying to make use of garbage and to dispose of garbage through turning it into steam or electricity or something of that nature, should not the ministry get involved with the town in a much more thorough study of the potential of expanding this particular plant rather than just looking at the present operation?

Hon. Mr. McCague: I presume what we were saying was that if the potential is demonstrated we would then become involved.

Ms. Bryden: In what way?

Hon. Mr. McCague: I don't know, but I would presume that it would be the kind of plant for the disposal of waste that we would consider funding at the provincial level.

Ms. Bryden: Yes. I am really asking that you get involved at an earlier stage to see whether this does really fit in with the objectives of the ministry to try and develop new "watts from waste" programs throughout the province. This could be another pilot project perhaps, and while we don't want just pilot projects it looks like it's an ongoing project that could be feasible.

Hon. Mr. McCague: We are involved with personnel but not in dollars towards this study.

Ms. Bryden: If I could go on to the question of aid to local government for recycling plants; we did discuss this earlier, I know, under other votes, but I have since discovered that your predecessor in 1976 did say that he would look at the formula and consider revising it, but nothing has been done. I think it is still the same formula of 50 per cent grant and 50 per cent assistance with a loan over 40 years.

Since this doesn't seem to be working, will the minister consider stepping up the assistance considerably in the interests of fulfilling his responsibility, which he took over in 1970 when the province passed the Waste Management Act, indicating that it was responsible for supervision of landfill, garbage disposal and waste management generally?

Hon. Mr. McCague: We're not considering changing the assistance. As you know, it's a 50 per cent grant and the funding for the remaining 50 per cent over a 40-year period. I have a suspicion that it's not the level of funding that is making the municipalities reluctant to proceed but the total cost of such plants that make them a little leery of it, plus the fact that some of them have existing waste disposal sites and others are hopeful of obtaining new ones.

Ms. Bryden: How does this grant compare with the grants for sewage and water? Are they considerably above 50 per cent?

Hon. Mr. McCague: It's a much different type of funding. As you know, at the present time, the homeowner, for water, would be expected to spend \$110 a year and for sewage \$140 a year. The government puts up as high as 75 per cent of the total cost, but if 75 per cent reduced the homeowner cost below the

\$110 and the \$140, the percentage would be less than 75 per cent. I would suggest to you that these resource recovery plants, on this kind of funding, would bear no relation to that kind of cost per homeowner for the collection of garbage, for instance. It's very difficult to compare those.

Ms. Bryden: That may be true, but it certainly seems that the 50 per cent is not sufficient inducement. As you say, the municipalities just don't have the money, and yet it is shortsighted on their part to hope that landfill will continue to answer the problem and will not go up in price.

Hon. Mr. McCague: I hope it's clear to you that if somebody wants to build one of those plants they get all the money from the government.

Ms. Bryden: They'd still have to take on a debt for 50 per cent.

[9:45]

Hon. Mr. McCague: You can't say they haven't got the money, that certainly isn't the deterrent. We discussed this here the other night. I don't know whether it was you, but somebody was pointing out to us that costs of repaying this and operating a plant could be less than the cost of operating a landfill site properly.

Ms. Bryden: It certainly could, so we have to somehow or other break the roadblock that seems to be preventing anything happening in his field. Do you have to get OMB approval for the 50 per cent of the loan?

Hon. Mr. McCague: Yes.

Ms. Bryden: Perhaps they are afraid of the OMB not allowing them to take on the additional costs if they have other capital costs.

Hon. Mr. McCague: That could be.

Ms. Bryden: I think we should be looking into this more closely.

I was interested in what the member for Huron-Bruce was saying about used motor oil and lubricating oil. There was a study by the ministry in February 1976—I don't know whether you referred to it or not—which showed that at least nine per cent of used motor oil "is clearly wasted in an environmentally detrimental manner." While this was just studying six cities and nine per cent doesn't sound like very much, it amounted to .6 million quarts in the six communities. A total of 86 per cent went to service stations and perhaps a small amount went to other places, but we don't know what the service stations did with it and whether they handled it in an environmentally detrimental manner or well.

Certainly the report showed that some oil was just being put in garbage cans and some dumped on individuals' property, and that's an area where the ministry should be moving. Have you any particular plans for trying to reclaim all that lubricating oil?

Hon. Mr. McCague: Who is that fellow they have snooping in garbage cans in all the parks? What do they call him, Yogi Bear? I think that the six per cent that is referred to—and I have seen figures that are even higher than that—is very difficult to handle. I think we probably have to go into some education program. It's going over banks and in laneways and garbage cans and on roads in front of homes. I think we'll just leave it that you have expressed a concern and—

Ms. Bryden: I hope the ministry will follow up on trying to do something about it. It could be a serious environmental problem.

Hon. Mr. McCague: What would you suggest we do? That might be helpful to me.

Ms. Bryden: Find an alternative use for this oil, and therefore it will have a price on it like newsprint and it will start coming back.

Hon. Mr. McCague: I am sure you realize that what that is is people changing the oil in their own car.

Ms. Bryden: Yes, some of it is.

Hon. Mr. McCague: That's where the six per cent comes from.

Ms. Bryden: I'm talking about the amount that the service stations have too. I think some of that is probably not recycled either.

Hon. Mr. McCague: Murray has an interesting point. I'll brush up on the system that you were talking about. I think it is a very delicate balance to decide when those oils can be logically burned without treatment, or put on roads without treatment, or whether they have to go through treatment. I don't know the answer to that.

Ms. Bryden: The Ministry of Energy came out with a report that we could use our sewage sludge and municipal solid waste to produce methanol which could be blended with gasoline as an automotive fuel, and it particularly came to the conclusion that in southern Ontario there were sufficient quantities of sewage sludge and municipal solid wastes to justify methanol manufacture. Is this an area that the ministry has looked at as a means of getting rid of those two items?

Mr. Williamson: We would look, really, at the first step in this process, which is pyrolysis, to produce a combustible gas from organic waste, whether it is garbage or any

other organic waste such as sewage sludge or wood waste. There is an interministerial task force which has been looking into this entire question, not only of the production but the uses for methanol, and I believe the report is due in the near future. The ministry was involved in the sense that we gave some technical advice on certain aspects of this to the task force.

Ms. Bryden: The report, rather interestingly, shows that in 1976 the cost would be 40 cents per gallon. I don't know how much gasoline you blend that with or what the ultimate price would be.

Getting back to the sort of overall approach, I think you will recall that in the 1976 amendments to the Environmental Protection Act there was a proposal for a five-year plan to deal with containers, and that was supposed to be in effect by regulation by July 1, 1977. No such plan has emerged and I understand the ministry, or the government, or the Lieutenant Governor is being taken to court by Pollution Probe for failing to meet this deadline.

We don't know what is going to happen in that court case, but it seems to me that there is a need for a five-year plan not just for containers but to aim at the whole reduction of landfill and to set targets for the amount of waste that can be recycled, say at the end of five years, because it takes a long lead time to get these plants going, to set targets for reduction in various categories of solid waste, to change technologies in the packaging and marketing and transportation and so on. If you set some of this forth in a five-year plan then you have something to work towards; to meet certain goals each year and to provide assistance for those whose plant operations are disrupted by the changes that will be necessary to achieve these targets.

I think to adopt the principle that those whose livelihoods are disrupted by changes to effect environmental improvements should not be the only ones who pay. Society as a whole should pay and share in the costs of the changes that are necessary to achieve our environmental goals. This reminds me of the recommendation in the waste management advisory board's report to the minister on the proposal for milk containers, which I mentioned in my leadoff, that did contain some clauses for adjustments and assistance to people who were disadvantaged by the changeover to new milk containers. I think this has to be part of the five-year plan that we are going to bring in.

I also think we should be looking at the ideas that are in some of the legislation in the United States where they are putting a tax on the generators of solid waste according to the amount they generate. This is not just a tax on cans but on all packaging, on all non-refillable containers. It could even be applied to advertising, which is some of the waste generated in the marketing process. I think that's something we should be looking at. You may say I am now advocating a tax on cans and other things—

Hon. Mr. McCague: That's a matter of record.

Ms. Bryden: We opposed the can tax because we didn't feel it would achieve the environmental objectives of reducing litter and encouraging the best use of our resources. It could have done one of two things. It could have discouraged the buying of cans and disrupted employment and production in the industry in a sudden, unplanned and capricious way, depending on how the consumers reacted, and it was really unknown as to how they would react to the five cent tax on a can. It could have done that, or, alternatively, it could have simply added to the price of pop and the cost of living and we would have ended up with just as many rusting cans around the countryside as now.

What the can tax didn't have was any sort of built-in plan for looking after the workers in the companies that would be affected by the sudden, unpredictable change in consumption. Nor did it have any plan for the recovery and collection of any non-returnable cans that were still in the marketplace, even with the tax, and the recycling of them. So, in our view, it was a completely ineffective tax from an environmental point of view, and it was ineffective in making an adjustment in the industry.

That is why we are looking for a five-year plan to encourage the use of returnables, to make it more convenient for consumers to return containers, and to provide full adjustment benefits and relocation for workers displaced by any switch to returnables. And also to provide a full waste-recovery system for any non-refillable containers that remain as part of the system, if it does not prove feasible to achieve a fully-returnable system.

We think that first we should try to achieve a fully returnable system by at least making it easier for people to bring back bottles, by standardizing containers and shapes and sizes, so that they can be taken

interchangeably to any retailer. The present regulations do not make it any easier for people to return refillables, so the minister has apparently decided he is going to settle for a quarter-throwaway society—a 75 refillable and a 25 non-refillable society.

I don't think we can have our quarter-throwaway society unless we also combine it with measures for getting the throwaways back and recycling them, and for developing means for offsetting any environmental disadvantage from throwaways, such as the higher cost of energy. We have to develop new technologies for making any refillable or non-refillable containers, to make them all returnable and recyclable, in some sense. Really, this is our party's position. We believe that we must look at the whole field of solid waste, and not just at one particular corner of it, and plan for the re-use and recycling of as much of it as possible.

I would just like to ask the minister some questions about the milk container replacement program. Is it planned to bring in basically a returnable container?

Hon. Mr. McCague: It is being worked on.

Ms. Bryden: And will it be largely returnable? Or will there be a percentage of non-returnable?

Hon. Mr. McCague: There will be a percentage.

Ms. Bryden: Do you envisage, both for this and the pop cans, that the percentage will remain as a target, or will you review it from time to time to see whether we are achieving the best use of our resources with the present goals that you have?

10:00]

Hon. Mr. McCague: We will consider that. I would suggest to you that you are not being entirely consistent in your arguments. You say that we should address the whole matter of waste as it applies to packaging containers and so forth; yet you seem to have

desired to zero in on certain things. I have chosen the voluntary route on a couple of things that were in the mill before I became minister, basically cans and bottles and milk containers. I would like to proceed with a voluntary program on milk containers, and initially I would like to consult with the industries involved. I can't help but comment on the fact that while you have some criticism of what we did on the can and bottle issue, your party was particularly silent on the issue at the time.

The only people who haven't been silent are the Pollution Probe. I don't have any arguments with them taking the action that they

did. I don't want to comment any further, because it is a matter before the courts, as you know. We don't have a five-year plan; but many of the things that you mention as being good ideas are matters which are now before the waste management advisory committee; studies are being done and we are working on those matters.

You mentioned the standardization of bottles. As you know, we have standardized the sizes; we have not taken away the right to the proprietary bottles. You mentioned that when we do talk about non-returnable containers we should have some kind of collection system for those. While we may be nibbling only at the non-returnable glass problem, we are working at it. One of our problems with new technology for the can is that there are now up to three materials in the can. We have a verbal commitment from the companies that they will work towards one material.

One of the things that impresses me is the desire of companies like those that may be involved in the bottle-can business to assist in finding solutions; not only to the one material and the return of non-returnable glass to the glass gobble but in developing new technologies for the recycling of these containers. I think a lot of people are making a real input into this field. I know it is not progressing as quickly as you or I would like to see it but I think there is very definite progress being made, even in the absence of a five-year plan.

Ms. Bryden: I hope you will monitor very carefully, when you leave it to non-regulatory methods and voluntary co-operation. Our experience in the past hasn't been too good in this field, so I think you will have to watch and make sure that the targets are met; and that when they are met, we also look at the results environmentally. If any cans remain on the market, the crucial question will be whether they are being collected and recycled.

Hon. Mr. McCague: I might just add that we did look at the Alberta system of can collection depots. It is a very expensive program, and we are not convinced that the payoff at this point would make sense. We are proceeding in other areas, as I told you.

Ms. Bryden: I don't know whether you have looked at all at some legislation that Prince Edward Island has adopted recently to set up what is known as the Institute of Man and Resources. It is a 1975 Act. Even though it is a very small province, I think, it is showing a very big view of the responsibilities of government not just to the environment but to the whole use of our

resources and to the development of our earth spacecraft.

I would like to indicate a few of the areas that this institute is to undertake. Its legislative mandate includes the testing, demonstration and development of environmentally sustainable production technologies and management systems; the examination of existing practices in the production of food and other naturally renewable products and in associated marketing, storage and distributive systems, with particular reference to the reduction of waste and the conversion of waste to byproduct; the analysis, adaption, testing and implementation of appropriate energy systems; the analysis, adaption, testing and demonstration of environmentally appropriate agricultural, aquacultural, horticultural, silvicultural and animal husbandry systems which reduced dependence on non-renewable resources.

Of course, among their 10 objectives is the acquisition and dissemination of information relating to appropriate energy and food production systems, the general public education requirement, the testing and evaluation of new inventions and processes for the better use of renewable resources and so on. These are all, of course, very costly things to carry out, but they have received federal-provincial funding to start on it and at least it's putting the emphasis where it should be, looking at the whole environmental and energy effects of everything we are doing and trying to see if we cannot work out new methods, new approaches, new technologies, which will in the long run really prevent environmental degradation. Has this minister thought about this at all, or is he aware of the legislation?

Hon. Mr. McCague: I am aware of the legislation. I have not read it. It will be one of the subjects at the environment ministers conference in PEI in June.

Ms. Bryden: I think that's all I have for the moment, Mr. Chairman.

Mr. Haggerty: Mr. Chairman, I want to know what direction the minister has taken, if he has taken any at all, to notify one of the biggest government agencies that is causing much of the pollution in Ontario, and I am thinking about the Liquor Control Board. Have you given them any direction at all in recycling their waste product, the glass, the bottles? You seem to single out everybody else in the industry but don't touch the Liquor Control Board and it is perhaps the biggest offender.

Hon. Mr. McCague: Your question was have I given them any direction; the answer to that is no.

Mr. Haggerty: Why not?

Hon. Mr. McCague: I am not sure that I can answer. I will have to check that if I can, but there are ongoing negotiations with them on the matter.

Mr. Haggerty: Yes, it has been ongoing as far as I know for about 10 years now and there has been nothing definite as yet.

Hon. Mr. McCague: You are right that there's nothing definite.

Mr. Haggerty: No. Are you afraid to take them on?

Hon. Mr. McCague: Not at all. I have written the present minister.

Mr. Haggerty: Surely you can have some dialogue with the chairman of the Liquor Control Board?

Hon. Mr. McCague: I can't comment on whether or not that would be appropriate. I would prefer to do it through the minister.

Mr. Haggerty: I hope you get some results with it, because, boy, I think they are one of the biggest polluters. In that area the waste can be recycled the same as they do in the beer industry. In the beer industry the average use of a bottle is about 52 times. Isn't that correct, Murray?

Mr. Gaunt: Yes.

Mr. Haggerty: It is an average of about 52 times that they reuse it, and there is no reason why the Liquor Control Board cannot do it with their bottles.

Hon. Mr. McCague: I can tell you the matter is being very actively pursued, but I can't tell you any more than that at this time.

Mr. Haggerty: Your predecessors have said that for years and years. You must be following in the same footsteps.

Hon. Mr. McCague: How could you say you are following in somebody else's footsteps in actively pursuing something? I am actively pursuing it, that's all I can tell you.

Mr. Haggerty: It's a long time getting some results. The other matter of concern to me is the recycling of the metal wastes that you see day by day travelling by automobile and travelling by train. I know you do have a program there, the reclamation of older cars or older vehicles. There is a plant in the city of Port Colborne, it is part of the Algoma Steel division, that has a large blast furnace there. The plant is completely shut down, and I was just wondering when you were talking about recycling plants if maybe your ministry would give consideration to that locality there, to see if you

can't encourage that industry or some other industry to start up recycling waste metals.

I can recall years ago there that they used to buy scrap iron from the United States, melt it down and it used to be loaded on boats and shipped to Japan. I feel there's enough metal waste here in Ontario to keep that plant going for the next four or five days, maybe continuously. Somebody should be promoting it for that purpose and create some jobs in the area.

Hon. Mr. McCague: I would be glad to look into those possibilities.

Mr. Haggerty: It's a plant that's already established. I understand that they have renovated it. They have reconstructed some new components to the plant facilities there and it's been rebricked; but they have just shut down because there's no market any more for steel, or they can manufacture it up in Sault Ste. Marie in their new operations there. This is a blast furnace and the facilities could be used for a recycling plant.

Would some of your staff take a look at that, because I am sure that your staff is looking for localities for recycling of other materials too? That's all I have.

Hon. Mr. McCague: Mr. Haggerty asked earlier on in the estimates about three people who had charges against Toronto, Hamilton and Buffalo Railway. I guess one of the names is Poth, is it?

Mr. Haggerty: That's right, yes.

Hon. Mr. McCague: His action was not proceeding and the railway recently brought a motion to dismiss for want of prosecution, but Mr. Poth received an extension of time to submit a statement of claim. This information is as of April 3. I understand that there has been some agreement with Mr. Milo—

Mr. Haggerty: What agreement would that be, sir?

Hon. Mr. McCague: That I am not at liberty to disclose. Was there a third one or just the two?

Mr. Haggerty: I think there have been three or four.

Hon. Mr. McCague: It would appear then that those are the outstanding ones.

Mr. Haggerty: Has there been any settlement with any of the owners?

Hon. Mr. McCague: I think there has been agreement on Milo, and Mr. Poth has been arduous in submitting his claim, I would presume from my information.

Mr. Haggerty: I don't have the file with me now, Mr. Hall has it, but there were

more than two who were making inquiries before and I was just wondering.

[10:15]

Hon. Mr. McCague: Those that I have concern two farms that were affected: Mr. Poth who has four acres; and another Lloyd Poth, at one quarter acres; and then there was the Milo one.

Mr. Haggerty: I think Milo is the one that had the most severe damage done; it took in quite a number of acres, I believe.

Hon. Mr. McCague: I don't have the acreage here.

Mr. Haggerty: I have seen some of it. The land was burnt right off. I don't think it will come back into agricultural use for perhaps a number of years.

Mr. Kennedy: I am sorry I wasn't here for more of the discussion of these estimates, but around here we seem to get spread rather thinly.

I appreciate being able to come in and have a couple of questions. I don't suppose I even have to name the subject—it is perennial: the Tricil operation. I ask my questions in the context of knowing that there have been 10 or 12 charges laid against them and they're under a revised control order. The control order hearing before the Environmental Appeal Board, if I recall correctly, was April 4. The charges were heard initially on April 5. On first hearing the news, we were quite disappointed to know that the control order was given a six week delay to report back. But then when the copy of the order came along I saw that section 5 of the control order directed, if you like, the ministry and the firm to get together and work towards some installations or certain work to complete, as I understand it, the part of the control order which was deleted originally on an appeal by Tricil that it wasn't feasible to install stack monitoring.

I was wondering if we might have some comment about whether that puts it in the right context. If not, would you do that?

Also, because two weeks or 10 days have gone by since that order, what is the situation with respect to the firm and the ministry getting together to try to bring the developments, the installation, toward some resolution? As I understand it, they were hopeful that this would be done, and that when you came back in five or six weeks there would be something to report. Could you tell me the status as to what has happened since that date?

Mr. Barr: As a result of the adjournment of the board for some six weeks to deal with the changes which this ministry felt should be put into the existing order, rather than rewrite a new order and go through another bill procedure and not wishing to have nothing happen during that six-week interval, the board directed the ministry and Tricil to attempt to resolve as much as possible the differences between the requirements that the ministry feels should be in the revisions to the existing order, and what Tricil feel is reasonable. So although nothing formally will be accomplished until the board reconvenes in about six weeks time, it is hoped that both parties—that is the ministry and Tricil—will attempt to resolve the major differences ahead of time, so that when the board reconvenes the hearing it may be a rather shorter period of time before the finalization of our order.

Mr. Kennedy: Could you say what resolutions or differences we are speaking of? What are the projects?

Mr. Barr: There are several pages of them.

Mr. Kennedy: Aren't there just one or two additions to equipment? Is that not correct? It was supposed to do something very beneficial such as measuring the emissions of the stack?

Mr. Barr: Yes, the measurement of materials which the company had indicated before. In their appeal of the initial order, it was said that in their estimation it was unreasonable to be asked to do this, and so this is part of the order which this ministry is appealing. There are some additions because of other difficulties with the plant. Measurement of some of these is a very costly analytical procedure for the company. Those are major items which have to be resolved and this is the reason for our appeal of the order.

Mr. Kennedy: When this equipment is in place, would you then be able to measure the elements being discharged which, as I understand it, are measurable now by the monitors that are in various locations around the plant? Is this a supplement to that?

Mr. Barr: Yes. The intent is primarily to measure what comes into the plant and what goes out of the plant completely.

Mr. Kennedy: Both? Coming in?

Mr. Barr: And going out.

Mr. Kennedy: For these areas of what could be toxic elements?

Mr. Barr: Yes. Not all of them are toxic, some are non-toxic.

Mr. Kennedy: There are standards now for these emissions, so when we have that, is it

then a matter of monitoring what is going in and coming out, and can we be assured then that there will be no hazard to the community or detriment to the air in the area?

Mr. Barr: Yes, I would have to say this is our intent.

Mr. Kennedy: What are your estimates as to the likelihood of success?

Mr. Barr: We have to be optimistic.

Mr. Kennedy: We have been very patient, as I mentioned in estimates two years ago. Do you have an estimate then? You are going to do as much as you can in this interval?

Mr. Barr: Yes.

Mr. Kennedy: When do you see the whole installation being completed?

Mr. Barr: Looking through the details here, the last date is January 1, 1979, for final completion. As I say, this is still subject to finalization by the appeal board. But that is the last date we have drafted in our revisions.

Mr. Kennedy: One of the things that has come forward and, of course, distressed not only residents in the area but I think everyone across Ontario, is the discovery of PCBs in waste oil, some of which is going into the plant, apparently in very minimal amounts so that the estimate is that there isn't a hazard in what is being burned. Are there any studies that you are aware of looking at the levels might be in the human body, and when it might bring about a toxic situation? Maybe this is something for the Ministry of Health.

Mr. Barr: The Ministry of Labour, I would think.

Mr. Kennedy: Labour? Are you involved in that?

Mr. Barr: No, the medical work on this and the advice would be in the occupational health group of the Ministry of Labour.

Mr. Kennedy: We have some correspondence from them as well and it seems it is one area where there is a limited amount of research or information available as to the levels and the degree of this chemical in our bodies.

I visited the manager of Tricil two or three weeks ago and spent quite a bit of time there. He finally got some control device working—a carbon analyser—and he was quite pleased with the way it was working. He said that technically we have enough information now to be able to incinerate all waste material that is generated in Ontario, or I suppose in any jurisdiction. We have the technology,

we need the money and the sites. Would you agree that we have the technology to be able to do this? If we could get the money to take the Beare Road material and sludge, organic and inorganic, and put it into some huge plant, that that would handle it all, once and for all, and deal with it in this way?

Mr. Barr: I believe the technology is available. Whether the economics of it are viable or not I think is the questionable part. I think even Tricil would be the first to say that. They have indicated this to us in several discussions.

Mr. Kennedy: A lot of heat goes up the chimney when we are destroying this material. Down at the waterfront I am sure you know they have a common generation of heat that supplies the Union Station, the Royal York and so on; and they sell it. Maybe this has possibilities.

Mr. Barr: I guess I could only say the Tricil plant presently at the location in Mississauga cannot do everything in its present form.

Mr. Kennedy: It doesn't seem to be able to do anything. I just wanted to get an update, really, on the state of the control order. Ever since the thing started we've been installing more and more equipment. It's going to be delivered and installed. We've been going on and on. I certainly hope there is no detriment to the community. I know some of the statistics you've put forward show the emissions and the fallout are within the tolerances. I will look forward to hearing from you as things develop. Certainly everyone wants to know the situation as it will exist when this interval is over.

Hon. Mr. McCague: Mr. Kennedy, if you don't get the answers it won't be for your lack of persistence.

Mr. Mackenzie: I have one final question on the environmental enhancement activity with respect to the Hamilton harbour study. Just exactly what is involved in that Hamilton harbour study?

Hon. Mr. McCague: Did we not run through that with you the other night?

Mr. Mackenzie: We discussed some matters about the harbour but not this.

Mr. Wildman: Mainly about swimming.

Hon. Mr. McCague: We were both going to have a fish fry. Is that still on, Mr. Mackenzie?

Mr. Chairman: After the swim.

Mr. Mackenzie: I notice you are spending \$224,000?

Ms. Bryden: That's on two items.

Mr. Mackenzie: How much is it then? Just what are you doing in that particular study?

Hon. Mr. McCague: I think it's \$60,000 this year. I believe the study involves the putting in of oxygen, which is aeration, and continual monitoring of water quality as a result of that.

Mr. Mackenzie: Do you get a set of figures that shows the quality as a result of that program and the continued monitoring? How often do you get a report on that?

Hon. Mr. McCague: Mr. Macfarlane might answer that.

Mr. Macfarlane: The ministry is entering the fourth year of a five-year program to destratify Hamilton harbour using an artificial mixing system. The base line studies for the harbour quality in the early 1970s identified a number of problem areas and recommended the aeration program as a possible enhancement technique. The reports on the destratification are made once a year, based on data largely collected by researchers at McMaster University; Dr. Harris, being prominent among these. Reports are made available after the year's data is collected and compiled.

Mr. Mackenzie: That's a report. When you say you are monitoring it on a regular basis, I take it you get a monthly report.

[10:30]

Mr. Macfarlane: Yes. It continues largely throughout the summer months on a day-to-day basis. A collection of data is made on a day-to-day basis, largely by the professional staff at McMaster University. Then it is compiled by the staff for us on a contract basis and supplied to us. This is part and parcel of the \$60,000 which is expended each year on the program. Roughly half of it is expended on data collection by the McMaster professional staff and the other half is expended on the aeration process itself; the buying of fuel for the compressors and the like.

Mr. Mackenzie: When you do this aeration process you test the water, I take it?

Mr. Macfarlane: That is correct. The intention is to improve the quality of the water, particularly at the lower levels. Normally in summertime the water tends to stratify; the lower portion remains immobile, almost stagnant. This process tends to bring the lower waters up to the surface, aerate them, give them a breath of fresh air and improve the general quality of the harbour water. There has been a demonstrable improvement since we started the process.

Mr. Mackenzie: Supposing somebody wanted to take a look at that information, say

once a month, and have it explained to them just exactly what it said or meant, how would one go about that?

Mr. Macfarlane: We would be delighted to have the staff discuss it with you. These reports are made yearly and are made public as soon as they are ready.

Mr. Mackenzie: Are you saying that you would have to wait until the end of the year, or could you see what is happening on a monthly basis during the summer when you are going through this process?

Mr. Macfarlane: I don't know if it would be readily identified on that basis, but certainly the chap who would be most likely to be able to discuss it on a moment to moment basis is Dr. Harris. I think Dr. Harris has indicated he would prefer to see his results collated at the end of the year so that there is some sort of a picture which can be described on a broad basis, to ensure that there is a trend discernible on a three-monthly basis rather than on a one-day basis, which may be a transient affair.

Mr. Wildman: Mr. Minister, I understand that the other project you have under environmental enhancement is aquatic weed harvesting.

Hon. Mr. McCague: Correct.

Mr. Wildman: Could you tell me how much is being spent on that, where it is going on and—

Hon. Mr. McCague: The amount being spent is \$164,000.

Mr. Wildman: Where is that taking place?

Hon. Mr. McCague: In the Kawartha Lakes.

Mr. Wildman: And what's the purpose? Are you trying to find some use for the weeds?

Hon. Mr. McCague: We do.

Mr. Wildman: What are they being used for?

Hon. Mr. McCague: Cattle feed, duck feed.

Mr. Wildman: I see. What kind of technology does this involve?

Hon. Mr. McCague: What kind of technology does it involve?

Mr. Wildman: What are you doing? You are not going out in boats—what are you doing?

Hon. Mr. McCague: It's an aquatic weed harvester.

Mr. Wildman: What I am asking you is do you have any kind of machinery to do this, or is it just being done by hand? That's all.

Hon. Mr. McCague: It is an aquatic weed harvester, which is a machine that goes along in the water much like a baler or something. It takes a swath.

Mr. Wildman: I see. I am curious as to the name of this, environmental enhancement. It would seem to me that that is the purpose of your whole ministry. I am wondering why these two projects are called environmental enhancement as opposed to all of the other votes you have. Is that just because it's sort of a catchall for these last two projects? You couldn't figure out where else to put them?

Hon. Mr. McCague: Mr. Castel, you can answer that?

Mr. Castel: The objective of the activity is to develop specialized techniques for the restoration and enhancement of environmental quality. These are experimental projects. They are specialized techniques and we feel they fit under environmental enhancement.

Mr. Wildman: Do you have any plans on the drawing board of other experimental projects or pilot projects?

Mr. Castel: There may be in the future.

Mr. Wildman: I don't have any further questions under this vote if someone else wants to speak.

Mr. Chairman: We are under waste utilization; and you went into environmental enhancement, I would imagine.

Mr. Wildman: The reason I did that is that the previous speaker was talking about the harbour.

Mr. Chairman: We sort of strayed off waste utilization. Is there any further comment under waste utilization, item 1?

Ms. Bryden: I understand in order to fulfil our time anyway we have to go to 10:45.

Mr. Chairman: We don't have to fulfil our time. We can go beforehand.

Ms. Bryden: I would hate to have to come back on Monday for another 15 minutes.

Mr. Chairman: No, I don't think it's necessary. We can adjourn anytime we're through. It's up to the members of the committee. You don't have to spend all your money tonight. You can save some for next year.

Ms. Bryden: I have been reading the waste management advisory board's summary of activities. There are two or three things that probably won't take very long, but I would like to ask about them. They apparently are developing guidelines for the packaging of consumer products. The summary says: "Phase 1 of the study was com-

pleted and presented to the packaging committee in November 1977. Phase 2 will be completed in the spring of 1978."

Has phase 1 been published or is it possible to obtain a copy of what is contained in phase 1?

Hon. Mr. McCague: I'm not sure whether that's a published report or not.

Mr. Crabtree: It was not intended that that report would be for publication. It's a preliminary report that leads into phase 2. Some modifications have been made to the concepts in phase 1 in the work that's presently being carried out for phase 2.

Ms. Bryden: Do you intend to produce from the two reports some guidelines that will be sent to industry generally?

Mr. Crabtree: Yes, there are those two projects that you refer to, and there are a couple of additional ones, also in the packaging area, that will all be co-ordinated by mid-summer of this year with the intention of sitting down and discussing them with industry later on this year.

Ms. Bryden: Are you also working with the federal government, which presumably does most of the legislating in this field, to see if they will adopt some of them?

Mr. Crabtree: We certainly have input from the federal government. We're aware of what they're doing.

Ms. Bryden: It's certainly part of one of your 4R objectives, that is, to reduce waste. Apparently, there is a working group on waste paper utilization which said it would have its first meeting in January 1978. It's made up of members from industry, labour, the public and so on. I wonder what they discussed at their first meeting, if it did take place, and whether the subject of telephone books might be referred to that committee.

Mr. Crabtree: That committee did have its first meeting in January and has had three subsequent meetings. The information I relayed to you this evening concerning telephone directories came from that committee meeting, which was held about two weeks ago.

Mr. Wildman: You mean a conference was called?

Mr. Crabtree: It meets in the board room.

Ms. Bryden: It's got its work cut out for it, it seems to me. There's also a proposal that federal and provincial buildings in Toronto work together on developing recycling of waste paper in a sort of mixed office waste separation project. Has that been imple-

mented in any way? It talks about a milk-run a pickup strategy after these papers are separated in the buildings of the two jurisdictions.

Mr. Crabtree: There is such a trial program presently being run in the head office of the Ministry of the Environment.

Ms. Bryden: But not in all the government ministries in Ontario?

Mr. Crabtree: No, it's restricted at the present time to the Ministry of the Environment.

Ms. Bryden: There's no separation of waste material at all being carried out in Ontario in the other ministries, is that right?

Mr. Crabtree: There was reference to a pilot program which was carried out I believe, in nine buildings in Toronto, some of which were federal and some of which were provincial. This was the subject of a report that was received in the latter part of last year. So considerable work has been done in this area.

Ms. Bryden: But at the moment there are no rules or guidelines for waste separation or paper separation in Ontario government ministries except the Ministry of the Environment. Is that right?

Mr. Crabtree: There are guidelines that have been issued at the federal level and there are a number of buildings in Ottawa that are already operating fine paper separation programs.

Ms. Bryden: But there are none at the provincial level except in the Ministry of the Environment?

Mr. Crabtree: That's correct.

Ms. Bryden: There's a fruitful source of waste management that perhaps we should be looking at close to home.

Hon. Mr. McCague: We are looking at it.

Ms. Bryden: You are working with the other ministries?

Hon. Mr. McCague: Yes, very definitely. The pilot project was just initiated, at 135 St. Clair, to get some results. I would think that if the program has merit it will be continued in other government offices.

Ms. Bryden: You haven't really set a date for it to start in the other government offices yet? There hasn't been a decision to extend it?

Hon. Mr. McCague: Mr. Sharpe has been in touch with all the other deputy ministers and they are working on a start-up date, hopefully with the agreement of all of them.

Ms. Bryden: Thank you. I think I'll save the rest of my questions till next year.

Mr. Chairman: I thought you would never run out.

Item 1 agreed to.

On item 2, environmental enhancement:

Mr. Wildman: I'd just like to make one comment. Since this was called environmental enhancement, I'd hoped that the ministry—and I'm sure this is under this vote—would look at enhancing the environment of certain communities in Algoma by getting going on some water and sewage projects in places like Echo Bay, Dubreuilville and Missinabie.

The minister can reply on that if he's ready.

Hon. Mr. McCague: You asked if I would look at them?

Mr. Wildman: Yes.

Hon. Mr. McCague: The answer is yes.

Mr. Wildman: Very seriously.

Hon. Mr. McCague: Mr. Chairman, is that the end of the questioning on that?

Mr. Wildman: I have no other questions on enhancing the environment.

Item 2 agreed to.

Vote 2004 agreed to.

Mr. Chairman: That completes the Ministry of the Environment estimates, I think the minister wants to make a few remarks to the members of the committee before we adjourn. Proceed Mr. Minister.

Hon. Mr. McCague: I would just like to thank the critics from the two parties in being fair in their questioning and understanding of the fact that I very recently took over this ministry. I hope I have demonstrated to you that I will be co-operative in the questions you have from day to day.

I would like to thank you, Mr. Chairman, for the way you've conducted the meetings, as disagreeable as you were on occasion.

Mr. Chairman: It's my nature.

Hon. Mr. McCague: I hope that none of the opposition members could hear you snoring from their seats down there.

Mr. Chairman: I never slept one second; that was an artificial snore.

Mr. Wildman: He just snores when he is awake.

Hon. Mr. McCague: I would like to thank staff for their attendance here at the estimates. In case any of the people in the opposition would be mislead, I think we had two day sessions for which no doubt the staff were paid and we had several night sessions for which they weren't paid. I do appreciate their attendance, their interest their helpfulness.

Mr. Chairman: Thank you very much, Mr. Minister.

Ms. Bryden: I would like to respond, Mr. Chairman, if I might, to say that we do very much appreciate that the minister was starting as a brand-new minister but we have very high hopes for him. I think he did answer our questions with great patience and he was always even-tempered.

Also, I appreciate the information from the officials; I've generally had very good co-operation from the officials of the ministry whenever I asked for anything, and I hope this relationship will continue.

I would like to commend the chairman for being very even-handed and for conducting the affairs very expeditiously.

Mr. Chairman: Thank you very much, Ms. Bryden. We shall adjourn now until Tuesday night at 8 o'clock for the Ministry of Natural Resources estimates.

The committee adjourned at 10:45 p.m.

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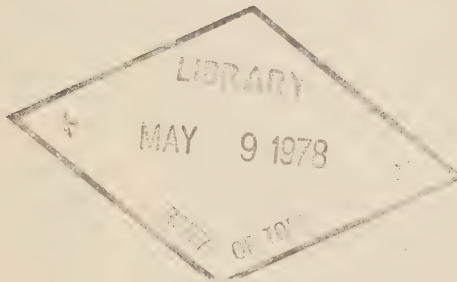
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Daily Edition

Resources Development Committee
Estimates, Ministry of Natural Resources



Second Session, 31st Parliament

Tuesday, April 18, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, APRIL 18, 1978

The committee met at 8:09 p.m.

ESTIMATES, MINISTRY OF NATURAL RESOURCES

Hon. F. S. Miller: Mr. Chairman, before giving a brief opening statement, I'd like to introduce Mr. Dick Dillon who is on my left. He is the Deputy Provincial Secretary for Resources Development and is my acting deputy minister during the three-week absence of Keith Reynolds who is on a World Health Organization assignment in Turkey until early in May. I was just at a dinner where a lot of people were called urkeys.

Mr. Foulds: That's a bad joke.

Hon. F. S. Miller: You should have been here with Murray Gaunt.

This year, my ministry is asking for a total budget of \$247,012,000. Because it's been only slightly more than four months since we went over the estimates for the last fiscal year, my opening statement will be quite brief. I would like to bring you up to date on some matters which I reported on last December.

First, on forest resources management, I said last year that improving Ontario's forest regeneration program was my first priority. I mentioned we had embarked on negotiations with major forest product companies to get them to take on more of the responsibility for forest management in combination with their harvesting. These two processes are inseparable for successful forest renewal. The talks are going on with the 10 largest pulp and paper companies in the province through the Ontario Forest Industries Association and also with individual companies.

These 10 companies hold licences, covering some 85,000 square miles of forest, and are responsible for about 60 per cent in volume of all timber harvested in Ontario annually. This makes the discussions crucial. I'm happy to report they are proceeding positively. Naturally, the companies are not offering to do the work free of charge, nor are they prepared to undertake the considerable investment entailed in planning and implementing a comprehensive long-term program of regeneration without assurances

of secure tenure, subject to satisfactory performance audits on our part.

Another request is for incentives to help offset the fact that they now have the highest wood costs in North America. It is worth noting that in every province in Canada where forest regeneration has been successfully delegated to the private sector, the additional costs of forest management are paid to industry out of general revenues. The formulae used do vary but the principle is consistent. It is essential that the process of delegating forest management responsibilities here be done in such a way that the additional costs do not aggravate the industry's currently marginal competitive position, now and over the long haul.

One proposed and powerful incentive is that if they achieve a level of forest productivity at their expense over and above a previously agreed-to minimum, they will get this productivity gain at a minimum cost. Discussion along these lines makes sense to me and holds promise. I anticipate that at least one, and possibly two or three, of the companies will be moving with us this year in accepting the forest regeneration task along such lines.

Another important move we have made towards resolving the forest regeneration problem was the highly successful working conference which took place in Thunder Bay at the end of last month. The theme of the conference was "Closing the Regeneration Gap." Our discussions centred on the shortfall in replacing the forest after timber is cut. Most educated guesses put the gap at about one-third. The forest that is regenerated now after cutting is one-third by natural means, one-third by our efforts and then there's the remainder, the gap.

What led to my deciding to call this conference was my conclusion, after a first-hand look at our forest operations last summer, that no one has a final answer to what is successful forest regeneration. Because the foresters I talked with so rarely shared much agreement on the basic questions, I ended up with unanswered questions such as: What degree of reforestation for a specific area would they interpret as being adequate? At what point in time, following regeneration,

would they consider a reasonable, accurate assessment could be formed of its degree of success?

Of the 155 invited participants at our conference, the majority were the people in my ministry engaged in forest management, the veterans and young foresters alike. This was no accident. They are the government forest managers from all over the province, both those in the front line among the trees, so to speak, and those who plan and co-ordinate from the regions and main office. Also invited were representatives from several large companies. We asked, in addition, representatives from the academic side of forestry and from the Canadian Forestry Service. Professor Ken Hearnden, head of the forestry department at Lakehead University, gave the main paper for the academics, and a stimulating and challenging submission it was.

What impressed me deeply—in fact quite surprised me in a most pleasant way—was the unanimous agreement among the industry representatives and the ministry staff about the existence of a gap and the fact that the combined effort of those on all sides, government, industry and academic, would be necessary to close the gap. There was constant evidence of willingness to work together and to co-operate. The idea of us and them, the good guys versus the bad guys, did not crop up to mar the discussions. Another major area of agreement was that steps must be taken quickly to solve the problems and to close the gap.

What will be the next step? A small and special working group, made up of people from all sides directly connected with forest management, will review the problem defined and the suggestions made towards solutions by the conference. The group will develop an implementation schedule, and I plan to stage another such working conference a year hence to review the action taken and progress made during the intervening 12 months. I mean this attack on the regeneration gap to be vigorous, positive and unflagging.

[8:15]

Mineral resources management: the programs I announced last year in the areas of geoscientific research and improved and sophisticated mineral exploration have been well launched in the months that have passed. We are constantly looking for other ways to assist and support mining and the communities that depend on that industry.

One of the primary ministry tools for more effective mineral resources management in the field is the setting up of a system of regional mineral co-ordinators that is well under way

This is part of the management improvement plan in our ministry, about which I will comment further later on in these remarks.

The recent publication of the widely noticed report by ministry staff titled *Towards Nickel Policy for Ontario* completes another major building block in our mineral management program across the province.

So far as industry activity is concerned, one bright aspect is that uranium is in a boom situation. Both mines in the province are in the process of greatly increasing their production.

On the second Saturday of this month, the Premier (Mr. Davis) and I and the local members for the area participated in a unique and impressive event—the Sudbury 2001 conference. This brought 1,000 people together, mostly residents of Sudbury, but also including other interested participants, to discuss how that city and district's economic future could best be developed. I would like to put on record two personal reactions to that experience.

First, the Sudbury committee and the people of Sudbury demonstrated a spirit of working together which augurs well for the future of the community.

Second, the remarkably professional manner in which the conference itself was organized testifies to the way Sudbury is going about things. I have participated in many such meetings, and have never been so impressed by the thoughtful detail work of the organizers, and by the solidly planned method of getting people to come up with constructive answers.

In this complex age, most problems that confront us are complicated ones that cannot be answered simplistically. In fact, they cannot be resolved unless all involved are willing to work towards the solutions together. It is heartening to see such a willingness—and in my recent experience, twice within a month up in Thunder Bay and then in Sudbury.

Fisheries management: The proposal for strategic planning for Ontario fisheries or SPOF, which I described last year, has completed its public review phase and the reaction has been strongly favourable. SPOF is a detailed proposal developed by a federal-provincial task force. It approaches fisheries management in a comprehensive way rather than piecemeal. So the program considers the needs and desires of the people of the province; a healthy human environment, an abundant supply of fish for food, fish fit for human consumption, the employment and income aspects of fisheries, as well as the recreational opportunities they offer. It also considers the harmonious use of fisheries in

conjunction with other uses of water and the ensuring of a fishery resource for future generations.

This will involve even more co-operation between our government and the government of Canada on fisheries matters. We will have to strike out boldly to learn more about rehabilitating fish communities than anyone currently knows. And the insistent and compound problems of water quality must be addressed with the best technology and research we can muster. I hope to be able to announce the specifics of a SPOF program sometime in the near future.

Wildlife management: The wildlife staff of the ministry are putting an increased effort on improving the deer management and moose management programs. I have sought the support of such keenly interested groups as the Anglers and Hunters Federation for certain proposed and necessary moves, and I am pleased by the willingness of members of such organizations to work with us in the interest of long-term conservation of our wildlife.

Ministry management improvement plan: The first stage of the changes in organization of the ministry was completed at the first of this month, having been announced by the deputy minister to staff in late November of last year. As I mentioned in December, the ministry is now made up of four groups rather than seven divisions. The groups are lands and waters, outdoor recreation, finance and administration, and the resources group consisting for forest resources and mineral resources.

Probably the most visible change has been the moving of the fire control branch to Sault Ste. Marie to combine with air services up here under the new name of aviation and fire management branch. Less visible perhaps, but very significant, is the movement of 20 per cent of main office positions to the field over the next three years. We have implemented some reductions already, such as three assistant deputy ministers rather than the previous four; 19 branch directors rather than the previous 24, and the accompanying amalgamation or other reorganization of activities.

Another change brought about by the management improvement plan is the amalgamation of the head office setup for the north-eastern region. Instead of having two regional offices, one in Sault Ste. Marie and the other in Sudbury, the region will be headquartered in Sudbury and the regional director and his staff will be based there.

The next stage will take two and a half years to complete and means the instituting

of a different management approach within the ministry. For main office there will be a strengthening of corporate involvement in policy formulation, priority setting, program evaluation and financial control. For the regions there will be a realignment of program and support roles and strengthening of planning, and for the districts a clarification of responsibility and accountability for program delivery.

To complete this transformation, now that the new structure is in place, specific studies are going on to determine the most effective ways to get it done by 1981.

I have deliberately kept these opening remarks brief, and have not even mentioned some of the important resource management responsibilities we carry. However, I am sure they will be thoroughly examined and discussed during these debates. I am ready for your comments and your questions.

Mr. Bolan: Mr. Chairman, I have several comments to make on behalf of my party with respect to the estimates of this ministry for 1978-79. I have several questions here and in the discourse which will follow, but some of the questions I have were partly answered in the minister's statement. I presume the questions will be dealt with individually as we go over each item.

The first area of concern with which I wish to deal is that of forest regeneration. We have had considerable discussion in the past with you, Mr. Minister, and other ministers on this subject, and I have to say that the ministry appears to be making some strides in so far as spending and treatment of cut-over lands are concerned. However, we are still far removed from the ideal situation of regenerating a similar amount of acreage to that which is being cut down.

At the Tomorrow's Forest conference which was held in Quebec City last year the Ontario Professional Foresters' Association also focused attention on this problem by pointing out that the government's present level of silviculture "obviously will not sustain even the present timber yield, and places the future of Ontario's forest industry in jeopardy."

The ministry's own 1976 statistics lend credibility to that statement. For example, out of close to 400,000 acres of cutover land, 225,000 acres required artificial regeneration, but only 154,000 acres or roughly 68 per cent of that area were so processed.

Furthermore, the ministry has estimated that from 1973 to 1976 there were some 273,000 acres of unsuccessfully regenerated forest land. For 1976 and 1977, of the 224,000 acres estimated to require this treatment, only

171,000 acres were actually treated. This figure does not take into account acreage destroyed due to forest fires, much of which will never regenerate, even naturally.

Last year, the minister made a statement to the effect that the government's regeneration program for both 1977 and 1978 would be increased by 30 per cent. But in fact our figures show that this has been about a 20 per cent increase this year. Certainly this is insufficient to ensure proper regeneration of our timber lands. Therefore, one of the questions which I will ask the minister—and which I do so now for reply later—is: would he care to comment on any plans that he may have to increase the budget in this particular area within the foreseeable future?

It becomes more obvious with each passing year that Ontario forests are being rapidly depleted and yet regeneration is not keeping pace. Also, timber cutting is being forced to move steadily northward. This is emphasized in the recent interim report on the northern environment in which Mr. Justice Patrick Hartt stated that already 1 per cent of the annual timber harvest is cut north of the 50th parallel which divides, almost in half, Ontario's 412,000 square miles. Moreover, it must be remembered that in this area a greater length of time is required for trees to regenerate once they have been cut down.

It's apparent that numerous problems pertain to adequate reforestation, not the least of which are sufficient funding, proper forest management, and the need for improved planting technologies. Ministry reports indicate that the survival rate for seedlings is extremely low and that, in many instances, there is a 50 to 67 per cent failure rate.

The government has made it abundantly clear that low priority is being given to the preservation of our timber land. Therefore, I again ask a question which was put to the minister last year during the course of last year's estimates. Has the minister attempted to obtain joint funding from the federal government to assist in the operation of this particular field, such as that available in other provinces under the DREE program? At that time I believe the minister informed us that discussions were proceeding and I'd like to know what progress, if any, has been made and also whether we can now expect to receive federal assistance through the DREE program as it affects this particular operation.

Has the minister considered approaching the forest industries with the request that they contribute financial assistance to preserve Ontario's forests? Also, would the minister advise us if any progress has been made regarding incentive programs to the major

pulp and paper companies in return for their assuming responsibility to regenerate forest which they harvest? In addition, what proposals are being discussed with respect to stumpage dues, should the industry take over this particular function? Have any conclusions been reached at all concerning both areas

[8:30]

It is evident that the government must not only control the cutting practices of timber companies, it must also crack down on the wastage of wood to ensure that all parts of the tree are used and not left to rot in the forest. In the 1975 government report on the special program review it's noted that: "Forest industries are wasteful in their logging operations in that they leave a significant amount of usable fibre and also choose to harvest only preferred species," and "efficient use of fibre per acre could be improved up to 25 per cent." The report also contained a recommendation that the schedule of charges for wasteful practices be raised to a level which would reduce or remove such waste. Does the government intend to act on this recommendation and, if so, when?

All the facts indicate that a higher priority must be given to preservation of our forests. I say this with the greatest of respect, bearing in mind the comments just made by the minister in his opening remarks. This is essential in that in the future trees can be utilized for methanol production and thereby contribute to energy supplies for the province. It is estimated that trees for this source of energy become economically viable at 5 cents a gallon for fuel oil, provided that the wood is located less than 50 miles from the methanol plant. We believe that the government should locate a methanol plant in eastern Ontario as part of the announced plans for the production of fast-growing hybrid poplar trees.

While I am willing to concede—not grudgingly, but I should say respectfully—that there has been some improvement, the present level of expenditure is still most inadequate to preserve our valuable timberland. Consequently, I suggest the government adopt a seven-point program: 1. That we have a Canada-wide approach to this problem; 2. the province should provide a significant increase in funding together with federal government assistance being granted through the DREE program; 3. an overall resource development plan should be implemented for northern Ontario; 4. there should be a forest inventory, including wood availability and the condition of the soil and climate; 5. private industry should assume increased

responsibility for reforestation, and to accomplish this, the Ministry of Natural Resources must apply incentives; 6. a rationalization of charges and taxes should be applied in relation to the economic situation of the forest industry; that is to say the taxes should be in relation to the health of the industry as it goes along; and 7. a co-ordinated approach should be taken with respect to regeneration. By that I mean that the regenerated areas must be tended after they are planted. It's fine to say you have to plant trees. It's something else to look after them.

My final comments concerning this particular area are that while I have no way of knowing if a reforestation problem existed during Cicero's lifetime, it was he who said, "He plants trees to benefit another generation." Let's hope, therefore, that the government is not so near-sighted that it will choose to ignore the needs of future generations of Canadians. Cicero lived 106-43 BC so presumably they had some problems at that time.

Mr. Foulds: You know what happened to him.

Hon. F. S. Miller: How did he say that in Latin in those days?

Mr. Bolan: That has not crossed my mind.

Mr. Wildman: Ipso facto.

Mr. Lupusella: Ora et labora.

Mr. Chairman: That's the Italian interpretation—oh, I'm sorry—Latin.

Mr. Bolan: I would now like to speak on the question of the mining industry. We are all very much aware of just how vital a part it has played in Ontario's economy and for a number of years we attempted to focus the ministry's attention on the problems which we knew were bound to occur. Again, we have to go back to a Roman emperor, but like Nero who played the fiddle while Rome burned, they chose not to heed our advice and take decisive action to halt its headlong plunge into the disastrous state it is in today.

Hon. F. S. Miller: Now I know where the Liberal Party is getting its policies. I heard you were behind, but I didn't know you were BC.

Mr. Martel: Did Nero write it?

Mr. Bolan: Nero did not write this.

Mr. Chairman: Carry on Mr. Bolan, you are doing a great job.

Mr. Bolan: There are no indications of any short-term improvements being made, consequently it is a foregone conclusion that the

Canadian metal mining sector will remain in deep trouble for some years to come.

Evidently a workable federal-provincial minerals policy and a re-examination of the tax systems as they apply to the mining industry are called for to assist in bailing it out of its present economic crisis. Has the minister spoken with the federal government on those matters? If he has, would he let us know at what stage such discussions now stand?

Also, it is my feeling that the government should define guidelines setting out responsibilities for services for new mining companies when they move into a community. Moreover, we need a new provincial mining policy for single-industry communities, particularly since no single ministry accepts responsibility for mining communities faced with a depleted resource.

Another topic which bears discussion is the government's plans introduced in this year's budget to give tax concessions to companies refining nickel overseas. Yet, the ministry's report, *Towards a Nickel Policy for Ontario*, argues against this and recommends tax breaks to encourage companies to do such processing in Canada. Specifically, the report contains a recommendation that: "Domestic plants should refine part or all of that significant proportion of Ontario's mine output of nickel which still goes to Wales and Norway in semi-refined form for refining so as to create jobs in Canada."

Surely it is incumbent upon the minister to encourage more refining of these metals here in Ontario. At present, companies are not in the least discouraged by the government from exporting for processing not only nickel, but also other metals.

On the subject of parks, I believe that there is a definite need for a policy to guide in the development of the provincial parks system. In the spring of 1976, the parks planning branch prepared a preliminary draft of a park policy for the province. The provincial parks council reviewed this **draft** and **last** year in their annual report it is noted that they called on the government to implement such a policy. They also recommended that the minister take immediate steps to obtain government approval to put the proposed policy into effect. My question to the minister is will the minister act on this recommendation in the near future?

The deterioration of fisheries in this province also gives rise to grave concern. There is no question but that the ministry has been remiss in its handling of this area. The extinction of lake trout from lakes Erie and Ontario, together with the virtual disappear-

ance of walleye from Lake Erie and the declining white fish population in lakes Ontario and Simcoe, all point to negligence and mismanagement on the part of the ministry.

To add to this the level of pollutants is so high in some of our finest eating fish so as to render them not just inedible but dangerous to health. All of these factors are greatly contributing to the gradual destruction of the tourist industry in many parts of the province. Ontario has been dragging its feet and has fallen far behind such places as the state of Michigan, where the world's most advanced program of fisheries management is being enjoyed. It is imperative that the ministry develop a more efficient method of managing our fisheries.

Last year the minister informed us that a federal-provincial task force had drawn up proposals for strategic planning for Ontario fisheries which were being studied in detail before going ahead through the policy and administrative process. I would like to know what has happened to these proposals and when can we expect the minister to act on them. Failure to act, and with some speed, will surely lead to the complete destruction of this resource in the near future.

The Ministry of Natural Resources is also responsible for some administration with regard to Ontario's native people. One can only describe their treatment of the Indian race as deplorable. Time and again Whitedog and Grassy Narrows Indian reserves have demanded that the English-Wabigoon River system be closed to fishing. But the ministry has consistently blocked all efforts to do so. This shows they have little concern and indeed nothing but contempt for the lives of Canadian Indians. The attitude appears to be, "So the fish contain mercury poison. Well, let them eat it. If it kills them, that's their tough luck." In my opinion, these actions are both arrogant and merciless.

Mr. Justice Patrick Hartt in his interim report on the northern environment described the current situation of the native people in Whitedog and Grassy Narrows as intolerable. He states: "As the people of Whitedog and Grassy Narrows wait, the arguments go on about proof of Minimata disease and epidemiological studies. Valid as these considerations may be, surely we must not await absolute scientific proof to recognize that there is a serious problem which must be rectified. The situation cannot continue to drag on year by year." I trust the minister has read this report and is concerned enough about the ultimate effects of Minimata disease on the native people to rectify the situation without further delay.

In the past, the Indians have never received any meaningful consultation prior to developing plans for building on their treaty areas, although this is something which has a great effect on their way of life. For instance, there was the Reed Paper development proposal, which I will not belabour as I am sure everyone is familiar with it. It was simply taken for granted that this minority group had no rights.

Currently, the Wild Rice Harvesting Act is under discussion with the intent of introducing proposals to remove the exclusive rights of the Indians. Is the minister going to table the proposed policy changes in the Legislature? He stated in the House: "I have had some private chats with the Treaty No. 3 chief on the matter. I went so far as to ask his advice on some of the proposed changes in the wild rice policy".

I must admit it was very magnanimous of the minister even to consider consulting with the chief on this matter, which will greatly affect the lives of the Indian people. Naturally, the changes were drawn up without prior discussion with the tribes, even although rice harvesting has been their exclusive right in the past. The ministry has constantly complained about 90 per cent of unharvested rice in the Kenora area. It is obvious that this is a defence mechanism which is being used to avoid giving assistance to Indians to expand rice operations.

[8:45]

Crop yields vary annually not because of the percentage harvested but due to frequent destruction of crops by water level fluctuations. In northwestern Ontario, the annual harvest is valued from less than 20,000 pounds to as high as 1,300,000 pounds. In my opinion, the Indian people should be consulted, encouraged, given financial aid and, in fact, all necessary assistance to become self-reliant. With the proper help, I am sure they could make a profitable business out of harvesting wild rice.

Again, to quote Mr. Justice Hartt in his interim report: "One wonders why this one resource"—wild rice—"could not be left to their use, if they show that they can use it, since virtually all other resources are controlled by the white population."

I feel one cannot help but agree that the government's efforts to assist the native people are truly meaningless when compared to achievements in other provinces such as Manitoba. That government has negotiated a north lands agreement which involves \$8.5 million in provincial funds and \$2.8 million in federal funds over a 15-year

period to aid in the development of native communities. The \$213,000 spent by the Ontario government on aid to the Indian pales in comparison to Manitoba's expenditure.

Those are my remarks. I will have other remarks and questions to ask of the ministry, particularly about my riding, as we go through each item in the estimates.

Mr. Foulds: Mr. Chairman, it is a relatively short time since we discussed these estimates, so that I too hope that my remarks will be brief. However, the spirit may move me during the course of them to expand on certain areas.

Mr. Lane: Heaven forbid!

Hon. F. S. Miller: We have 20 hours.

Mr. Chairman: No, we have 22.

Mr. Foulds: I want to start, if I might, on a personal and perhaps rather romantic way.

Hon. F. S. Miller: Careful.

Mr. Foulds: Obviously your reading of Cicero hasn't taught you the true meaning of that word.

I was born and brought up in the north and I have a very strong attachment to the land and up there. It was brought home to me very vividly this week as I was hurtling down the runway in Thunder Bay airport. As the plane lifted off, I looked over the land and lakes. It struck me that we have, in fact, a very marvelous land; a country that we should rightly be proud of, a country that I feel very strongly about. When it struck me also, after the no-smoking sign went off and I was able to light up my pipe, that if there were no men, if there was no humanity to appreciate it, of what value would it be?

I suppose those two things encapsulate the problems that we face in terms of natural resources and our use of them. The north of this province contains about 80 per cent of the land and less than 15 per cent of the population. In the northwest alone, where I come from, we have 59 per cent of the land and 3.2 per cent of the people. That seems to me, and to my party, that obviously there is room for some development and some expansion. Maintaining the balance of nature is important for all of us in the province, but especially for those of us, white and native alike, who live in the north.

It struck me this week, perhaps for the first time in a long time since I was elected, that many of us from the north are essentially foreigners in southern Ontario. The

cities are foreign to us and some of the attitudes are foreign to us. We must recognize that in the province as a whole; we in the north must understand some of the needs of the south, but the reverse must also be true. That sense of land, that sense of the rootedness of mankind in his land, makes northerners very highly conscious of the resources—timber, mineral, fish, wildlife and recreation. That's why this ministry is so important to us.

I'd like to deal with four major areas in the leadoff, relatively briefly, I hope. I think it's clear that the ministry itself has some serious administration problems. I know the minister is trying to address those problems; that was apparent in the mini-reorganization that he announced during the course of the last estimates. That followed quickly upon the amalgamation, I guess in 1972-73, into what has become known as the Ministry of Natural Resources.

While I basically agree that it makes sense to have one Ministry of Natural Resources, one does hear so much criticism of the so-called monolith and one hears so much criticism from people in the field about the faceless bureaucrats, who aren't faceless; they are people we see every year in this room. One hears so much criticism of that that one begins to wonder if there isn't some more major breakdown of responsibility that can occur so that the administrative function can take place more efficiently.

I suppose the traditional argument, which the minister must have heard many more times than I have, comes from the mining industry and sector. There's some desire there, a hearkening back to the belief that perhaps if we had our own ministry in mines we would have a higher profile in that very important area. I'm not sure that's a solution to the problem. But I think we should recognize there is that sense of unease and a sense that that problem has existed.

With regard to administration, as I'm talking about it, and I'll get on to regeneration and the forestry conference in a few minutes, but I'm sure the minister was aware of this at the conference in Thunder Bay—the thing that really struck me was how often the term “the paper war” came up, and how obviously so many people in the field did really feel that they weren't being allowed to manage the forests, the fish, the furs, or what have you, because they had to answer so many questions—perhaps from members of the Legislature and from head office.

I wonder if the minister could share with us some of those problems his ministry must be facing. I have no magic solutions to that.

I'm not an administrative type to be honest. But I think it comes up enough that we should discuss it frankly in these estimates. I think it is a real concern.

In that respect, I want to reiterate a commitment I made during the last estimates; I think it's important. The minister has been pretty sound in delegating authority and responsibility, as much as possible, out in the field and we shouldn't try to second-guess some of those positions. The minister certainly has my commitment as a member of the Legislature not to bring every dissatisfied constituency case at the local level to his personal attention for an overthrow of the local decision.

Mr. Wildman: He has to get a feel of the problems, after all.

Mr. Foulds: I think the more rarely used that is the better, and the more effective it would be on those occasions when it needs to be used.

I'd like to move on to the forestry aspect of the ministry. The ministry is an important one; natural resources are important to the backbone of our economy—not that we should be satisfied merely to use the ministry as a resource exploitation ministry, but it is still valid, for example, that six out of 10 jobs either directly or indirectly related to the forest industry are still in southern Ontario.

We must recognize that manufacturing and agriculture are the two other major components of our economy. But the one that must remain strong if we are to have a balanced economy and an overall economic and industrial strategy must be our natural resources wisely used.

I don't think there's any question in anybody's mind today that in many ways we have squandered our resources in the past, as if they were limitless. I think there's been a recognition of that, by many people working in the ministry for a number of years, by politicians latterly, and perhaps and hopefully by the public.

I think the controversy that arose over the Reed proposal was in fact worthwhile, if for no other reason than to bring that state of the forest regeneration gap, as it is now called, to the public consciousness. I'm neither a Cassandra nor a Pollyanna—

Hon. F. S. Miller: That's Nero, Cicero, Cassandra—

Mr. Foulds: You get it even with me.

Hon. F. S. Miller: At least you're a little more modern.

Mr. Foulds: Not much, with those examples.

I think we must recognize the problem still exists. The fact that we have identified it—Cassandra was before.

Hon. F. S. Miller: I discovered that. I thought that was something you drank out of.

Mr. Foulds: Your jokes don't get any better as the evening progresses.

I think it is important and I think my party thinks it is important that we must keep that regeneration issue at the forefront of our political and public agenda. Although this probably won't be entirely believed, I think it is important to do that not merely for political reasons. In fact fighting for trees isn't that great a political issue in public terms. But I think it's important for economic and social reasons, and, as I tried to indicate a little earlier, for the basic structural soundness of the economy of the province.

[9:00]

The regeneration gap must indeed be closed. It's not going to happen overnight. I'm glad the minister recognizes that. I was pleased to have an opportunity to participate in that conference in Thunder Bay. I found it very useful and worthwhile.

More than the minister must be committed to that principle. The government itself must be committed to that principle. That's why I think it is worthwhile to consider enshrining that commitment by statute to sustain yield. Frank Miller, Jim Foulds, Mike Bolan can come and go. Unless the government makes a statutory commitment to sustain yield, it may very well be that our forests will come and go. I believe that is avoidable. I believe we can get as close as humanly possible to sustained yield so that we don't face devastation in the future. I believe it can be salvaged, but it's interesting that one does use that word, that it does come to mind.

The reason I think we must do it and we must fight for closing the regeneration gap is not for the trees but for mankind and the province. In many ways the trees are the key to jobs and to our economy, and they are renewable.

One of the things that struck me at that conference in Thunder Bay was the pessimism existing among some ministry and industry people, not about the possibility of solving the problem, but that the public didn't understand it was important. One chap used the example of a man actually working in the pulp mill. Having had no experience of the woodlands operation, nor really of where the tree came from, his perception of the importance of the issue

wasn't as sharp as it should have been even though his job was directly dependent on renewing the resources. I suppose that has to be the first target area of our public consciousness raising. I think all parties in this Parliament should make an effort to do that.

I would hate to get too philosophical in this committee or this Legislature, but paper happens to be important to me. Not merely to write my notes on, but because the printed word is important to me. In the 20th century the printed word is threatened. Unless we ensure a maintenance of it, many of our traditions and heritage will be lost.

The minister has said—if I may quibble with him for a few moments—in reply to a question asked by the leader of the New Democratic Party on Monday last, I believe, that I spoke in glowing terms about the conference in Thunder Bay. I don't want to take exception to that, but my words are right here in the Times News: "I am pleased it took place," said Foulds. "I have discovered that the conference was marked by honesty and frankness. It has made it obvious that solutions are not going to be magical or overnight" —

Mr. Wildman: Frank Miller does.

Mr. Foulds: —"but there is an awareness of the need to close the regeneration gap." And then: "I don't think we can rely on such simplistic solutions as planting two trees for every one cut down. An acre for an acre may not even be realistic."

I don't think those are glowing words. I think they're enlightened words. If the ministry—

Hon. F. S. Miller: Lux sit.

Mr. Foulds: If the minister finds that honesty and frankness are glowing words for his ministry, I would put to him—

Hon. F. S. Miller: How's his Latin? He missed that, didn't he?

Mr. Foulds: Yes, I almost flunked Latin in grade 13, I have to admit.

Hon. F. S. Miller: That meant, "Let there be light," in case you didn't understand it.

Mr. Foulds: Oh, I understood it. I tried to get it obfuscated from the record there. Does this Latin get into the Hansard? It does?

Hon. F. S. Miller: I'll say a little grace for you.

Mr. Foulds: Go ahead.

Hon. F. S. Miller: Pro his et omnibus te benedic. Do you want some more?

Mr. Foulds: That one's not going to get in. It was out of order. If I had my colleagues from Dovercourt and Downsview here—

Hon. F. S. Miller: I grew up in Dovercourt riding.

Mr. Foulds: I think it was refreshing to have such honesty and frankness, but I think it is important in this important issue to have that and to have it out in the open, and I do say the minister had considerable courage to do that. But perhaps we would all be in a better state, and the forests themselves would have been in a better state, if that had been true some 10 or 15 years ago as well and had been a matter of policy, not a matter of personality of the minister.

I just want to touch on two or three things that I think all of us should understand when we're talking about regeneration. They seem so obvious when they're enunciated, it's a surprise that we have not thought of them before. I think it is a surprise to many people here in southern Ontario that the conditions across the north vary so greatly. Even within small regional districts, the district of a forest unit, the conditions vary so much that similar techniques may not work. Heat, soil, nutrient conditions all vary from place to place within very small geographic areas. It may very well be that desirable species vary.

But certainly I cannot put it strongly enough—that's why I repeat myself perhaps—that the forests must be regrown. As I said, perhaps the plan of two trees for one doesn't make sense or perhaps even an acre for an acre doesn't make all that much sense for forestry purposes. But an acre for an acre does make sense for recreation purposes. That is, at times, we may be able to get only one crop off some areas provided that we can grow it back with a different species that might not be harvestable but it's still useful for man and animal.

I think the important thing is that we maintain and improve our volume. There are a couple of modest suggestions—they are not new—but I would like to put it on the record that I endorse them:

First, we must dramatically and drastically improve our cutting practices. Second, we must improve our utilization of species. Third, we must improve our site preparation. Fourth, I recognize that we must be flexible in the kind of regeneration that we use from location to location and the mix that we use. But we must have the foresight to gather such simple things as seeds and seedlings which we have not done in the past. We must make sure, fifth, that our management plans are useful, workable and enforceable. Sixth, I think we

must develop a permanent year-round access system of roads so that we then can consider—not exclusively, because it is different—but consider more closely the agricultural model and all that it entails—quality of seed, rotation of crops, concentration on productive lands—while we're thinking about renewing our forests.

But having said that, one of the troubles when you get into an issue like regeneration and reforestation is that you think that it is the only use. You begin to think that maybe it's the only use for Crown land. Foresters often think that themselves. We have a wider problem—and there are wider problems—because there are other uses for our Crown lands. The obvious alternate use in those areas where it's viable is for the use of minerals.

The tragic truism about our mineral resources is that they are non-renewable, so that while we should not hoard those resources, we must look after them carefully and not waste them. We must not necessarily dig-and-get-out just to provide immediate short-term jobs. Surely, the Treasurer's (Mr. McKeough) move in his budget to provide relief for foreign processing has not maintained mining jobs in Ontario, as is dramatically shown by the recent extension of the shutdown at Inco in Sudbury and the extension of that trend to the small mine at Shebandowan.

Mr. Wildman: They're suggesting another one in Falconbridge too.

Mr. Foulds: My colleague from Algoma reminds me that the possibility of a shutdown at Falconbridge exists.

I feel very strongly that there must be a far more important linking and liaison among Treasury, Natural Resources and Industry and Tourism in terms of making mining the kind of cornerstone it should be to part of our overall industrial strategy. For example, we do not hear very much about Industry and Tourism getting out and hustling on the world markets on behalf of our mineral sector, to see what products may be developed, to see what actual kinds of ores there are markets for.

It does seem to me that we need to see what actual kinds of ores there are markets for. And it does seem to me that we need to do more in looking ahead for the kind of use that we should make of our resources, and—I beg of you, Mr. Minister—we should not be afraid of being interventionists in that regard.

We should not necessarily let the companies do all that kind of work for themselves, be-

cause their commitment is to their corporate structure which may not—for their own good economic reasons, but bad reasons for Ontario—put the interests of Ontario first. Surely it is the responsibility of the government to put the interests of Ontario first.

I know that my colleague, the member for Algoma, is working in a very detailed way in presenting some positive alternatives in legislative form with regard to the management of our mineral resources.

I'd like to turn briefly to parks. I think this is the third year in a row that I've called for an overall management plan for our provincial park system. I think that is absolutely essential because it must be a part of our strategic land-use plan for the province. It does seem to me that with the increasing tensions of the 20th century, with the increasing economic difficulties that we face, with the increasing seduction of the television tube, we should be encouraging and increasing public access to our public parks, especially for families, and I would suggest that steadily increasing the park fees is not necessarily the best way to go about that.

[9:15]

Fisheries—I want to give one quotation from the fourth report, Federal-Provincial Strategic Planning for Ontario Fisheries, because I think that there are two paragraphs in the report that pinpoint the present condition of our fishery in Ontario:

"Growth of population in the economy in Ontario has been attended by progressive loss of fish stocks. Fish communities have been degraded by one or more stresses including pollution, over-fishing, habitat destruction and an invasion of pest species such as smelt and sea lamprey. Efforts by fisheries agencies to halt or reverse depreciation have with a few exceptions been too little and too late.

"Recently, however, new knowledge has become available which has advanced our understanding of how various stresses affect fish stocks. This offers a basis for cautious optimism that depreciated fish communities can be rehabilitated. In the past, fisheries management policy has concentrated on the supply of fish, using mainly biological guidelines. We now recognize that the principles of the economic and social sciences are equally important in solving problems associated with the open free-access nature of the resource.

"Fisheries are neither free nor inexhaustible. They have a potentially great economic value which tends to be ignored because little or no rent is charged for their use. They have

a significant additional value that cannot be measured in economic terms as implied in our discussion on societal goals." That's an earlier part of the report.

"Under present policy without a user-pay principle, there is a sizeable cost to society at large for their management, a management that is still ineffective. Failure to adopt strategies that reflect the true value of Ontario fisheries is certain to test the capacity of the resource to survive."

I don't honestly know if instituting a fishing licence is a good idea because there can never be a guarantee that the revenue gained from such a source will be directly put back into the resource. It's just the way that revenues work in the province. Almost every fisherman that I have talked to is in fact in favour of a licensing fee but he always adds the proviso—provided it goes back into more fish stocking and so on; and that is a problem.

I don't honestly know if size-limits, which are often promoted in literature that we all get, and the closing of seasons would have a dramatic effect if imposed. But I do know that we in this party are willing to take a look at all three of those possibilities in an undogmatic way, because, in talking to some fish biologists, I think the problem in the fisheries is as serious as we have recognized it to be in the forest industry. We must also recognize that seriousness in the fisheries. And it is possible that the importance of the survival of our fisheries and the regeneration of our fisheries could get swept aside in the current concern over the forests.

To sum up, Mr. Chairman, in forestry we believe there should be a commitment to regeneration and sustained yield and that sustained yield should be enshrined in legislation; in mining, we feel that the cautious and wise use of our minerals as a cornerstone of our industrial strategy is the important thing and that we should not be permitting the foreign processing allowances that in fact allow companies not only to ship out ores but to ship out jobs.

Mr. Martel: I wish the minister would listen to that.

Mr. Foulds: In parks, we feel that they should be provided for the beneficial use of as many of our citizens as possible with as little prohibition to that access as possible. In fisheries, we need a commitment to renewing that resource equal to the commitment to maintain our other great renewable resource, our forests.

Mr. Chairman: No prompting from the audience, please. I will call on the minister to respond to the Liberal and NDP critics.

Hon. F. S. Miller: Can I have a station break?

Mr. Chairman: Sure, you can have a station break; 30 seconds.

Mr. Foulds: Five minutes.

Mr. T. P. Reid: The minister can't even say hello in that time. While the minister is not relieving the rest of us but otherwise, is it my understanding, Mr. Chairman, that we can all make remarks under the first vote covering a wide range of subjects rather than waiting for each separate vote?

Mr. Chairman: Oh, no, we must strictly adhere to the votes and the items.

Mr. T. P. Reid: So you are willing to listen at this point only to the official critics.

Mr. Chairman: Just to the votes and the items, right; but we will allow the minister to respond to the comments or the criticisms of the Liberal and NDP critics, while he takes a station break.

Mr. Wildman: How do you mean that?

Mr. Chairman: He's going to respond from the other room.

Mr. T. P. Reid: He's probably in there writing his responses.

Mr. Martel: He's whispering into his lapel.

Mr. Chairman: We will take a 30-second break.

On resumption:

Mr. Chairman: I will call on the minister to respond to the Liberal and NDP critics.

Hon. F. S. Miller: I will respond—

Mr. Wildman: Be positive. Remember 2001.

Hon. F. S. Miller: —on a literal basis, in other words in a chronological sequence if I can, realizing that I may repeat some of my comments because each critic covered some of the topics in the same way. The critic for the Liberal Party started out with a discussion of regeneration and, of course, mentioned the conference in Quebec City, which was held last October, discussing the general problems.

There is one comment I would make. He referred to forest fires and pointed out that forest fires stopped regeneration. The fact is that is not correct. If our foresters had their way, they would point out that forest fires are probably the safest method of regeneration we have. If we want the forest to regenerate with the kinds of trees that we currently see in the forest, nearly every forest we have in Ontario is the end product of a forest fire at some time in its history. Where we change the species mix, the success of regeneration is when we either harvest part or all of the

forest and leave behind a non-burned surface which often grows back to other species.

One of the things the conference in Thunder Bay brought out clearly was the need for us to use more often, as a tool of regeneration, what was called the prescribed burn.

Mr. T. P. Reid: Controlled.

Hon. F. S. Miller: The prescribed burn, while it has certain risks of wildfire, generally prepares the site in the way nature has always prepared the site for regrowth.

That, of course, comes as a big shock to those of us who have been brought up reading about Smoky the Bear and the dangers of the forest fire and all the things that are true as far as they go in terms of the loss of the yield of the forest, but not true in terms of the efficiency of regeneration.

Mr. T. P. Reid: It depends on which forests you burn down.

Hon. F. S. Miller: Well, in your area, because of the representation we have, we have agreed that in Quetico, if the darn thing doesn't start, every so often we'll drop a match.

Mr. T. P. Reid: Oh, that will cheer all those people up.

Mr. Martel: The students will have jobs next summer.

Mr. Wildman: The 1930s all over again.

Hon. F. S. Miller: The fact remains that natural fires have been seen as a natural way—in fact, if you look at the master plan for Quetico, we describe forest fire as one of the mechanisms that should be permitted under certain conditions to maintain the forests in their current state.

You talked about our plans to increase the regeneration budget. I would point out to you that the availability of funds isn't the problem I face as a minister. I talked early in the game to my Premier (Mr. Davis) about the question of my priority for forest regeneration and the need for money. I was told that I would have his endorsement and backing for any extra funds needed.

Mr. T. P. Reid: It's called the charter.

Hon. F. S. Miller: No, I'll get to the charter.

He assured me I could have that money; and I must admit that in the two budgets that I've had any input into, that commitment has been honoured. Again, I brought with me the lack of understanding of the problems of forest regeneration—which I assumed, if I had, as others had; that may not be a safe assumption—and the idea that

money would solve the problems quickly and not much else was needed.

If anything, the conference in Thunder Bay put that kind of thinking to rest. I had already heard enough from the foresters during the summer and very early to know that it wasn't totally true. It's like any other program. One must have in place the elements of expansion in order to expand. You don't suddenly plant trees if you didn't grow the nursery stock. You don't grow the nursery stock if you don't have the nursery sites or the seeds. Obviously both are needed for an expanded program. So the moneys that have been added to the forestry regeneration budgets in the last two budgets reflect, not the willingness of government to spend money, but the ability of this ministry to spend it with results; otherwise we would have asked for more and got more.

[9:30]

You talked about the failure rates of seedlings or plantings being 50 or 60 per cent. I think one can look at that either way. When you say the theatre is half empty or the theatre is half full, it depends on whether you're a pessimist or an optimist.

Mr. Bolan: What if Pretty Baby is showing?

Hon. F. S. Miller: It would be quite full on that basis.

I would simply say that in any natural process of regeneration the failure rate is much higher than that. We're simply saying that we put a lot more trees in than will ever be required at maturity simply because failure rates are reasonably high. It's not a question of what the failure rate is, it's what rate of growth is needed to maintain or exceed the previous productivity of the forest, and I think that's what we have to concentrate on.

Mr. T. P. Reid: What is that figure?

Hon. F. S. Miller: I mentioned the other day—Mr. Speaker, we're honoured to have you. Am I allowed to speak?

Mr. Martel: He should be answering.

Mr. Chairman: You're out of order.

Hon. F. S. Miller: Perhaps I'm very fortunate that he is in his present position.

Mr. Martel: He's a well-versed man on forestry.

Hon. F. S. Miller: He is that. In any case, what we're saying is, whatever planting rate or seeding rate has to be maintained to produce the necessary success rate is the one you go after. If you look at fish stocked

in a lake and count the failure rate, it's a lot more than 50 or 60 per cent.

Mr. T. P. Reid: Our economy is not quite as dependent on the fishing either as it is on trees.

Hon. F. S. Miller: Oh, no. I'm not arguing that. I'm just simply saying that the human being doesn't have many children because they happen to live with reasonably low mortality rates. The rabbit has a lot.

Mr. T. P. Reid: You'd know more about that than I would, Frank.

Hon. F. S. Miller: Yes, that's true, although one of us acts more like a rabbit than the other.

Mr. T. P. Reid: You'd know more about that than I, Frank.

An hon. member: We'll have to get that out of Hansard.

Mr. Chairman: Silence.

Mr. Foulds: Back to your prepared notes, Frank.

Hon. F. S. Miller: I'll go back and try to read the notes I wrote.

You talked about joint federal-provincial funding and DREE and the fact that I referred to it in the last round of these talks. We had conversations with DREE as recently as a week or so ago and I don't know how optimistic we are but may I suggest, if you have any connections with Ottawa—and I admit these days gentlemen in certain parties are trying to admit they don't have any connections with Ottawa.

Mr. T. P. Reid: No, just Bill Davis and Joe Clark. Bill Davis was saying, "I'll only do what I have to do."

Hon. F. S. Miller: I'm not making any such admissions.

Mr. Eakins: What an admission they are making.

Hon. F. S. Miller: The backing and filling I'm sometimes seeing in trying to admit that the Ottawa government is no good but also Liberal, intrigues me.

One of the things we're concerned about in the province of Ontario is that Ontario really hasn't got its share of DREE money. Any analysis of where it's gone would tell you that.

Mr. T. P. Reid: Are you talking about forestry or overall?

Hon. F. S. Miller: DREE in total.

Mr. T. P. Reid: Let's talk about forest regeneration.

Hon. F. S. Miller: I'm talking about it. I can't tell you the numbers of millions of

dollars. One of my staff can. He's from the north and I'm sure we can get that figure at some point in the estimates. We put forward a good proposal for forest access roads and other programs in the north and we also put forward a forestry program in eastern Ontario for DREE. The one in eastern Ontario, I believe, is being done under a sub-agreement and will, in fact, come ahead. We're sincere the program in the north will also gain the approval of the people in DREE, and I would invite my staff to enlarge on that when the time comes later on. In any case, we still have reason to be optimistic.

One of the things we pointed out to the federal government was this: it looks at Ontario as the source of money to give to other provinces. Fair enough—

Mr. T. P. Reid: And BC and Alberta.

Hon. F. S. Miller: —because Ontario has been endowed over the years with perhaps the healthiest economic base of any province in Canada, due undoubtedly to 30-odd years of Tory rule.

Mr. T. P. Reid: Don't push your luck.

Mr. Foulds: No, in spite of that.

Mr. Wildman: Thirty very odd years.

Hon. F. S. Miller: However, Ontario is not a province where opportunity is equal on a geographic basis. Those of you from the north are keenly aware of that.

We have made the point to DREE that there is just as great an argument for treating northern Ontario in a special sense for DREE funds as there is in treating any other province in a special way for DREE funds. You can't simply say that you'll give it to New Brunswick or you'll give it to Quebec or to Nova Scotia or Newfoundland, but you'll ignore northern Ontario. It's on that argument that we've been going forward, trying to impress upon them that northern Ontario has problems that parallel those of other provinces where the DREE funds flow with some regularity and quantity.

Mr. Bolan: They've recognized that, haven't they? Northeastern Ontario as a disparate region?

Hon. F. S. Miller: I'm hoping they have. I have to say that I'm waiting to see the dollars to back up recognition. If I see those dollars, you will not hear any criticism from me.

Mr. T. P. Reid: Can you tell us how much you've asked for for regeneration purposes?

Hon. F. S. Miller: I can ask that question of staff. Could somebody give me the figure

for the DREE requirements in northern Ontario that relate to forestry?

Mr. Foulds: Couldn't we perhaps do that on the forestry vote?

Hon. F. S. Miller: Do you want to wait till then?

Mr. T. P. Reid: No, I'd like to know now, because you're making certain statements, and I'm all with you. I think the federal government has been remiss in what it has provided, but I'd like to know what you've asked for and what you've got.

Hon. F. S. Miller: All right. I'd be glad to ask for the actual figure. I had them all at my fingertips last fall but I can't recall them. Mr. Herridge.

Mr. Chairman: Mr. Herridge, would you care to come up to the mike, please, so we can have it recorded?

Mr. Herridge: The tentative figure that is on the draft agreement we are currently negotiating with the officials of DREE runs between \$60 million and \$80 million. That includes several components that are directly related to forest regeneration, as well as some others that are not as directly related.

Mr. T. P. Reid: Excuse me, I don't want to butt in here, but can you tell us what you asked for last year and what you got from the federal government? As I recall at the Tomorrow's Forests conference in Quebec, the figures that the federal government were taking in terms of income tax and corporate tax were fantastic compared to what they were returning to all provinces. What did we ask for last year and what did we get?

Mr. Herridge: The agreement we are currently negotiating is the same one we have been working on with DREE representatives for close to four or five years.

Mr. T. P. Reid: Does that mean we didn't get anything in the last four or five years?

Mr. Herridge: Correct. Just on a point of clarification, we didn't get anything from DREE directly related to forestry. There are other DREE agreements related to industrial parks and this type of thing.

Mr. T. P. Reid: But that doesn't count. We're talking about forestry.

Mr. Herridge: Right.

Hon. F. S. Miller: The next question Mr. Bolan posed to me was have I asked the forest industry for any assistance, I think it was, in terms of costs. Yes, a fundamental part of the agreements we're trying to thrash out with industry right now will deal with the proration or distribution of the costs of regeneration and their share versus our share.

It's premature to guess what the final formulae will be, but they may end up being credits back to them against Crown dues and allowances against future growth that exceeds mean annual increments normally expected of naturally regenerated sites. So there would be, in effect, some advantage to a company in terms of improved yields through better management. That really answers your next question. In other words, are there incentives built in for industry? The incentives will probably be a number of kinds.

One of the problems one faces in the forest is the time for results to take place. The tree we plant today is obviously not going to show up on the books of the company while we're still running the company. Somebody else is going to get the credit for the improvement if there is one. That's why so many people haven't done much about it. They've always let the next generation worry about the problem.

Mr. T. P. Reid: Including the Conservative government for 35 years.

Hon. F. S. Miller: Now, Patrick.

Mr. T. P. Reid: I thought I'd throw that in.

Mr. Bolan: If you are going to take credit for certain things, you have to accept the debit side as well.

Hon. F. S. Miller: I never try to ignore those things. Luckily, it's not been limited to provinces in which there were Conservative governments.

I would point out, though, that where these kinds of incentive programs have been used for some period in time—and British Columbia is one province which has used them—they generally are able to give immediate cutting incentives to companies where they have improved the regeneration rate or the growth rate of the replanted lands. For example, if a natural cycle takes 120 years—

Mr. T. P. Reid: What are we growing for 120 years?

Hon. F. S. Miller: The time from cut to cut. Look, you're cutting lots of 140-year-old and 150-year-old trees in northern Ontario right now.

Mr. T. P. Reid: What kind of trees?

Hon. F. S. Miller: Jack pine; in your riding. Lots of them are 140-year-old trees.

Mr. T. P. Reid: Would you say those were overmature trees, Frank? I am almost tempted to say of you what the former minister said to Stephen Lewis: "You wouldn't know a jack pine from a spruce."

Hon. F. S. Miller: I would. But I was thinking of the remarkable similarity between some of our decadent jack pine—no, no, I won't—

Mr. T. P. Reid: Careful, careful!

Hon. F. S. Miller: Anyway, we have a lot of pine that is overmatured because, of course, it hasn't been accessed and because we haven't had the demand for it.

Mr. T. P. Reid: Accessed? That's a new word too.

Hon. F. S. Miller: If you can cut that turnaround time from 100 years to, say, 60 or 70 years, then of course you have a reason to set aside fewer acres of reserve for any given number of cords of wood required per year. If you can say that a company has planted the trees and the audits show that they have taken, then you can say to that company, "Fine, your cutting rate on the balance of the acreage may increase by two or three or four per cent because the future crop is in place and can be counted on in year so-and-so."

Those kinds of incentives are probably more important than the other kind we talked about, such as reduced stumpage fees and so on, because they do reflect upon the company's present management and do give them something they can talk about or use during their time as managers of the company. I think the 20 or 21 years' experience in British Columbia has shown they are powerful incentives to the company and give them a real interest in the success of their regeneration program.

Mr. T. P. Reid: Doesn't the plan in British Columbia require that they plant an amount equal to what they cut? If they cut 100 acres, they have to plant 100 acres?

Hon. F. S. Miller: I can't answer directly whether it has to be acre for acre. That's something we talked about a lot at Thunder Bay and realized that there was no easy answer in Ontario's terrain, say. There are some sites that may have mature trees which shouldn't be cut at all, since you'd claim the sites couldn't be regenerated by any useful means, and other sites which you couldn't satisfactorily regenerate but which an analysis of would say, "Cut the trees now and, although it may take you 200 years to get the same stand back, it'll come back. You can't do much about it yourself, but nature itself will take care of it later on."

Mr. T. P. Reid: That's where your prescribed and controlled burning comes in.

Hon. F. S. Miller: Yes, sure and that kind of approach. One has to make a site-specific

analysis before you jump to the conclusion as to whether a particular stand should or shouldn't be cut in the interest of regeneration. The answer is not simple and sweeping. Everyone wants simple, sweeping answers and they aren't there.

You talked about utilization improvements. If anything came out in the conference in Thunder Bay it was the constant hammering by the ministry staff of the absolute need to improve species utilization on our present cuts, particularly as underutilized species like poplar and birch, let's say, become more prevalent, but even species like jack pine in certain areas. You've got, not necessarily in your riding, areas in the northwest where jack pine are being bypassed and only black spruce are being taken out. This is a pity. [9:45]

Mr. T. P. Reid: It is called high-grading.

Hon. F. S. Miller: No, it is not high-grading per se. Maybe you interpret it that way. We would simply say that the people with the limits or the people who are within economic calling distance haven't as yet been able to utilize the species there, because when their mills were built in the era 1910 to 1925 perhaps the species that were utilizable—

Mr. T. P. Reid: That is like accessed.

Mr. Bolan: That is like Howard Cosell. Utilizable!

Mr. Foulds: Usable is a good word.

Hon. F. S. Miller: Oh heavens, it is too simple—would in fact be black spruce, and the processes haven't changed.

I would say we are interested in two things: First, better utilization of species; second, greater utilization of existing cut so less usable material is left behind. That brings us directly into your questions about the chemical production of methanol or the utilization for fuel of any of the species. Studies have been made and I am satisfied—

Mr. T. P. Reid: Mostly in the States.

Hon. F. S. Miller: No, they are being done here and we have charts that can tell you how many dollars you can afford to pay for a cord of poplar or a cord of jack pine or a cord of anything else you want to name, f.o.b. the mill, and get back the equivalent amount of heat at the same cost as the utilization of oil or some other form of energy.

Obviously we are not at the break-even point for a lot of these things yet. When one realizes we in Canada are paying as much as \$100 a cord delivered at the plant for many of the species being brought in and that \$35 a cord perhaps is a more realistic figure for it

to be a break-even with the current prices of oil and gas, you will understand that it is not quite as simple as it sounds on the surface. Methanol, I don't know what price—you said 50 cents a gallon if I recall—the oil had to be before it became competitive.

Mr. Chairman: No, \$1.40.

Hon. F. S. Miller: At \$1.40 a gallon for methanol? That was certainly in the range we had heard—\$1.30, \$1.40, \$1.50 in that range. Again, it's a clean fuel, a very energy intensive one and certainly one which in the long run will end up being used; economics will dictate it. In the meantime, experiments are going on. I believe the Ministry of Energy is heading those ones right now in areas in the north to see what we can do. Our work has been limited to the use of the hybrid poplar and greater growing rates of trees so that we could get greater yields per acre per year, so that we had a greater biomass to convert to whatever it may be, pulp—

Mr. T. P. Reid: You say that just like you know what you are talking about.

Hon. F. S. Miller: You forget that I used to teach chemistry.

Mr. Bolan: How many years has this growing program of the hybrids been in progress, the cloned poplar?

Hon. F. S. Miller: I guess the research has been going on for quite a few years. I don't know how many years it would be, 10 or 12 years or more.

Mr. Herridge: The research has gone on for 12 years.

Mr. Bolan: You may recall in the last estimates you distributed little blocks of wood.

Hon. F. S. Miller: Yes, to the blockheads.

Mr. Bolan: Three years was about this size and five years was about this size. What are the size of the other years, or have you reached that stage yet?

Hon. F. S. Miller: We predicted their end growth. In other words, how big do we want them to get, and I think it is somewhere around 14 to 16 inches, in that range, that we are predicting at the end of 12 years.

Mr. Bolan: What would be the normal span of time for a tree to grow naturally to that same size?

Mr. T. P. Reid: About four years.

Mr. Chairman: No, 35 to 40 years.

Hon. F. S. Miller: I thought those species were in the 35- to 40-year range the chairman mentions. I don't know whether that is correct or not. Birch and poplar, I thought, were generally in the 35 to 40-year range, the

white birch I am thinking of, not the yellow birch.

Mr. T. P. Reid: All we have to do is find something to do with the birch and poplar.

Hon. F. S. Miller: So frankly the research is exciting, but something we are not over stressing because of the risks that one will face in terms of converting small patches into large yields. The industry doesn't get very excited about it, with one or two exceptions.

Mr. Bolan: Why wouldn't they?

Hon. F. S. Miller: I think because currently they haven't had the ability to use even the slow-growing poplar we have had around, except in certain parts of the northeast.

Mr. T. P. Reid: It has nothing to do with what they have got already. We've got all kinds of birch and poplar we can't do anything with.

Hon. F. S. Miller: So we have areas of Ontario where, in fact, those materials are in demand; in the Cochrane-Timmins area we have a pretty steady demand I would say for those products, at least for the better grades of them.

Mr. Bolan: Eddie doesn't know, he doesn't come from there anyhow.

Mr. Chairman: I could teach you a few things about it.

Mr. Eakins: I think somebody brushed up on notes.

Hon. F. S. Miller: You made a seven-point suggestion. You talked about a Canada-wide plan that is being discussed. There was a forestry conference recently. I think we are going to have to be more specific than Canada-wide. We certainly would like to look for federal research, federal funding, because somebody touched upon the amount of money the feds take out but they put damn-all back in. We will chase the fed a bit on that.

An overall resource development plan: I think we are working along quite well on that.

Forest resource inventory, soil inventories: Certainly no argument. We are doing forest resource inventories on a regular basis.

Private regeneration: That was the thrust we have been choosing to take this year believing that in fact regeneration and harvesting are essentially related and must be done by people with interests in each of the phases or you do not get the one done in the interests of the other.

Relationship of charges and taxes to prices: Bill 35, sitting in front of the House, The Crown Timber Amendment Act, in effect is

saying that the stumpage for Crown dues will be a floating figure that relates to the selling price of the specific kinds of commodities being harvested; pulp and paper on the one hand, where one is converting the wood into that; lumber on the other, whether it be softwood or hardwood. Incidentally it is not aimed at producing more revenue than we currently gain, though the industry may feel that is the purpose. It is simply to make our charges move as the market price moves.

Mr. T. P. Reid: It is long overdue. It is a good idea.

Hon. F. S. Miller: So I trust when that comes before the House I will have the unanimous support of both parties

Mr. Foulds: There's an interesting constitutional problem there, it has to do with setting of taxes by regulation.

Hon. F. S. Miller: You are discussing that in another committee these days.

Mining: You talk about the nickel futures. I am intrigued at the psychology of market forecasting. If forecasting were a science I don't think we would have much trouble. Human beings being what they are, every aberration, or every up and down movement in what may be an overall trend—if it exceeds by any degree the norm—is seen by many soothsayers as a dramatic switch in overall market relationships.

Our staff, to give them a lot of credit in the mining side, probably foresaw more accurately than the industries did in the last year the switch in future demand for nickel.

Mr. T. P. Reid: Nobody said anything about it.

Mr. Wildman: Nobody paid any attention.

Hon. F. S. Miller: As I recall, the very first speech I made as a minister—contrary to what you may think—was to the prospectors and developers of this province where we laid the problems on the line and I got all kinds of commendations back from the trade journals, from the mining industry, from people who said what a nice frank, honest expression of opinion this was, and it was nice to see government taking a good hard look at itself and criticizing a few of its programs.

Mr. T. P. Reid: You have changed since that first speech.

Hon. F. S. Miller: But I'll tell you, and I have said this from time to time with some bitterness perhaps, when I was Minister of Health if I hiccupped I got a headline; now I am Minister of Natural Resources I

can try to beat into people's heads the importance of what is happening around them, and one reporter yawns and puts it on page 82 of the paper and I get this much print.

Mr. Mackenzie: Why didn't you have more influence?

Mr. Wildman: The cabinet did exactly the same thing. You put that statement in your report, back in the middle of nowhere and it was buried in your own report, so don't blame the press for just burying it.

Hon. F. S. Miller: I think you should have turned up to my speeches and listened to the emphasis we have put on it.

All of a sudden when the Sudbury matters hit the press everybody then said: "You fellows never told us," or, "Why did you hide it?" The fact is some of us were going around beating on doors trying to get the message through that the mining industry is an essential component of this province and deserves attention. Certain predictions were being made and they should have attention paid to them.

Mr. Foulds: Why didn't you make that statement in the House?

Mr. T. P. Reid: I never heard you say that, Frank.

Mr. Chairman: You weren't here.

Mr. T. P. Reid: Frank, I listen carefully to everything you say. I like to hear a master at work. But I don't recall you saying that.

Mr. Wildman: His predecessor got up and announced the extension of the right to claim exemptions to export abroad, but we never heard any statements in the House about the future of the nickel industry.

Hon. F. S. Miller: I am not going to go into the offshore processing allowance which was also mentioned in your comment, and the fact that the nickel report commented on the need to process insofar as is possible in Canada. But, again, a quick reading of that or a quick summation of it by some people was seen as a condemnation of the offshore processing allowance, rather than the reverse—the need to have powerful incentives to make Canada an attractive place to do certain things. And that was the approach that staff in the ministry were taking when they said we should be offering the incentives needed to ensure that as much processing is done in Canada as can be done.

We have had real problems and I think, if anything, the select committee which sat through the early part of this year looking at the Sudbury situation recognized the need for certain flexibility in policies relating to offshore treatment of minerals. The com-

mittee, if I remember, said, "We should maximize the number of Canadian jobs." I hope that no matter what our philosophies are, we would agree with that statement.

The question then is, what maximizes Canadian jobs? That is not easy to answer and we can easily fall into the trap of ideology and predetermined positions. What was true in 1974 or 1972, may not be true in 1978. We tried to say that the market monopoly Canada enjoyed in the nickel industry, specifically in our earlier days where we had 85 to 90 per cent of world supplies in this country, has evaporated; we currently enjoy 30 to 35 per cent of the world nickel market. [Chairman broke his gavel.]

Mr. Eakins: That's cut down part of your hardwood.

Mr. T. P. Reid: It must have been imported. Is it made from the hybrid poplar?

Mr. Chairman: No, it's pussy willow.

Mr. Bolan: Any other tricks?

Mr. Chairman: No, not tonight.

Mr. Eakins: That's one of our own products.

Mr. T. P. Reid: I'd like to know what he does for an encore.

Hon. F. S. Miller: Currently, we gain, let's say, roughly 35 per cent of international nickel sales. I realize that two smelters are in existence within the European Economic Community, one being the Welsh refinery of Inco, which I think is a nickel carbonyl process, and the Falconbridge Norwegian Kristiansand operation. These are existing investments by those companies with highly skilled staff which, given my druthers, I'd rather see in Canada.

Mr. T. P. Reid: Why aren't they?

Hon. F. S. Miller: Why weren't they? It's historical. They both go back a long, long way.

Mr. Foulds: Before the Tory government.

Hon. F. S. Miller: Yes, you may forget there is a time that existed before them. But they go right back to the days when the Liberals ran this province.

Mr. Bolan: To 1926.

Hon. F. S. Miller: Or before that, in some cases.

Mr. Foulds: Back to the Tories then?

Hon. F. S. Miller: I think it was back in 1910 or 1915 when the nickel processes came on in Wales.

These processes have large investments in them; highly skilled staff, high energy de-

mands, and customers for their products in the European market.

Mr. T. P. Reid: But the European market wasn't the same type of market it is now. Was it a matter of tariffs?

[10:00]

Hon. F. S. Miller: At one time it could have been that a demand to have those things processed here would have resulted in their moving here. That may have been around the edge of the war or some time like that, when nickel demand went up and we were the only supplier. Today, any such demand would result in a replacement of Canadian semi-processed ores by foreign semi-processed ores, which I am told in both cases can be refined in those companies.

Secondly, the job content on a relative basis is probably seven to 10 jobs in Canada for every unit of one job in a refining process overseas.

Mr. T. P. Reid: That's on a direct basis.

Hon. F. S. Miller: Yes. Thirdly, the likelihood that the markets for the refined nickel served by those two sources would continue to be served by them; Canadian ore, therefore, would no longer be the feedstock for those companies and we would lose our seven to 10 jobs, because I am told a good deal of the products of those refineries currently is going into the European market.

Mr. T. P. Reid: But that foreign ore only came on the market in the last few years—relatively recently.

Hon. F. S. Miller: Okay. But I've got to face the facts the way they are today. I can't dream about what they may have been; I am only telling you what they are.

I'm just as determined as the rest of you are to use whatever authority I have under section 113 of the Act to optimize Canadian refining. I make no bones about it; I've told the companies that I would like to do so. I have to determine, for example, would the energy required at Kristiansand be available in Ontario today? Would it be available at a competitive price? If it were available, could it be used for other more profitable uses than refining nickel? And so on.

Mr. T. P. Reid: Have you done those studies?

Hon. F. S. Miller: Currently, I am told, the cost of power—and I saw the figures for Kristiansand at one time—is so low at that point we just don't begin to compete. Similarly, we in Canada—not in Ontario—are benefiting from the low-cost power of the Arvida and Kitimat works of Alcan because of the tremendous hydraulic resources. When

I worked for Alcan, we used the power one mile from the point where it was generated. We couldn't afford to transmit it over a greater distance because of the tremendous losses on that kind of power.

Mr. Mackenzie: How do you rationalize that statement with Inco's own statements that they can produce a pound of finished nickel here cheaper than they can anywhere else in their operation?

Hon. F. S. Miller: You are talking about the nickel carbonyl process now, which is not an electrolytic process. I was talking about an electrolytic process right now in Kristiansand. I think that's where the difference is.

Mr. Mackenzie: They can make the same nickel here as they are doing over there, they told us also.

Hon. F. S. Miller: On the nickel carbonyl process, we would agree that the economics are slightly different. But again I have to recognize that right now, whether I like it or not, the cash flow in both Falconbridge and Inco is negative on a daily basis.

Mr. Mackenzie: That may be so; but your argument about the energy cost doesn't necessarily hold true, if you go by what they've told us.

Hon. F. S. Miller: Let me tell you: I was arguing on behalf of Kristiansand right then, and not the nickel carbonyl operation in Wales. I don't have an energy equation on that one.

Mr. T. P. Reid: But the argument doesn't hold up; you are talking about what has happened in the last couple of years. Why did this thing develop in the first place? Why wasn't Inco and everybody else providing a finished product over the years when we did have the cheap energy?

Hon. F. S. Miller: They did at Port Colborne—

Mr. T. P. Reid: Our energy in Canada and in Ontario had been the cheapest up until the last 10 years at the most. And why weren't we doing it?

Hon. F. S. Miller: I can't answer that; therefore, I am not going to try. Again historically, one can go back and argue about many things, and I think you would find we were beneficiaries in some of those things. Why did Alcan come to Canada?

Mr. T. P. Reid: Because of the cheap energy; that's why.

Hon. F. S. Miller: It came to Niagara Falls, Ontario; are you aware of that?

Mr. T. P. Reid: Yes.

Hon. F. S. Miller: And the moment the cost of electricity at Niagara Falls exceeded its value in refining aluminum, that smelter got moved to Three Rivers, Quebec. The moment power got worth a little more in Three Rivers, Quebec, it got moved to Arvida, Quebec. And the moment the competition started there, they moved to Kitimat, BC. Each time the users of low-cost, high-volume power have to move further back into the frontier to find less competition for the use of that power. I think you will agree to that.

Mr. T. P. Reid: That's one of the aspects. Another large part of it is customs and tariffs.

Hon. F. S. Miller: GATT is going on about those right now, but you know the interesting thing there is that Canada's major exports are generally those products like our metals that have little, if any, import duties imposed against them and Canada's manufactured products are those that generally have high tariff walls to protect them. So when you come to a GATT negotiation, we have darn little to gain and much to lose—I think you recognize that—as a Canadian nation.

Mr. Mackenzie: Doesn't that mean we've got to use our energy or natural resources there?

Hon. F. S. Miller: Not necessarily. I think what it might also say to us is that we have to improve the efficiency of our secondary industry or else it is not going to survive a round of GATT negotiations. All our talks about the desire to expand our industry might go up the flue if, in fact, those that are currently protected by tariff walls go out of style because they can't compete.

Parks: You mentioned the need for a parks policy and you mentioned my parks advisory council pushing for that parks policy and you asked if I will act. I assure you that I have seen a proposed parks policy, it has been the subject of quite a bit of debate within my ministry, it is being refined right now to meet the results of that debate. The consensus we arrived at is that the parks policy will proceed once I am satisfied with it to the—

Mr. Eakins: How do you consult on your parks group, do you throw it open?

Hon. F. S. Miller: John, how do you ever consult with enough people on anything? One of the criticisms of the Algonquin Park master plan is that we didn't implement it fast enough. Right? You live right beside it.

Mr. Eakins: The Lake Superior Park, too.

Hon. F. S. Miller: Okay. Fair enough. The fact remains that we created a master plan. Every member who lived around Algonquin

Park was involved in it. Members of every park organization we could think of were on the advisory committee for Algonquin Park, with all the opposing points of view that came with their positions. They argued for I don't know how many years and came up with a master plan which, if you had asked me as a member of that committee, had input in every direction you could think of, until we printed the darn thing.

Mr. Eakins: How about the tourism industry?

Hon. F. S. Miller: They had input. Listen, I happened to be on that committee and I am in the tourist industry. They also had people representing them on that committee. Okay?

Mr. Eakins: Yes.

Hon. F. S. Miller: Look down the list. I don't think we missed a section that we knew of. The FON was there, the Algonquin Wilderness League was there, the Ontario Forest Industries Association, the campers, you name it. You would know all the people, Art, but we sure had a lot of people on that committee representing the ideas of those organizations from which they were chosen. But which they didn't represent. But one of the things we tried to say was, "We chose you because of your affiliation. We recognize you will express those points of view, but we hope that in trying to reach a consensus there will not be rigid positioning, rather an exchange of ideas."

The committee had remarkably few fights. It came up with a consensus, for example, to ban outboard motors in the park pretty easily. That sparked the first and the most immediate reaction in your riding and my riding. The members adjacent to it started to hear from all those people who said, "Where was the public input?"

All I can tell you about the public participation process is that we all think we haven't had input until the results come out; we see that we don't like the results and then we react. That's why time was taken in the process. That's why each year we didn't get the thing in place as fast as you should because groups started to say, "We want a chance to be heard."

Mr. Eakins: Did they ban electric motors because of the noise and pollution?

Hon. F. S. Miller: No, no.

Mr. Foulds: Mr. Chairman, could we conclude the minister's remarks on the opening statements?

Hon. F. S. Miller: I will guarantee I will give you equal time.

Mr. Foulds: That's two to one.

Hon. F. S. Miller: Fisheries. You talked about what happened to SPOF, the Strategic Plan for Ontario Fisheries. If I get frustrated with my own friends in the tourist industry, my fishing friends, any of the people that talk about fishing, it is because of their constant belief that they can have their cake and eat it too.

Mr. T. P. Reid: Or their fish.

Hon. F. S. Miller: Yes, but you can't have it both ways.

Mr. Bolan: True.

Hon. F. S. Miller: I hear Indian bands come in and tell me they know how to manage the fish resource because they have lived here since time began and the fish were still there. At the same time, they didn't take it out of the lakes and into reefer units by the ton when they were living there.

I think the member for Rainy River would agree with that.

Mr. T. P. Reid: I would agree with you on almost anything Frank, but don't try and get me into this. You're the guy who's on the hot seat, not me.

An hon. member: Spoken like a true politician.

Mr. T. P. Reid: As a matter of fact, so far tonight I haven't agreed with you on anything.

Mr. Bolan: You mentioned this Michigan program which is apparently very successful.

Hon. F. S. Miller: Yes. We've been watching it and we have sent people down to look at some fisheries there. We have sent them down to look at some wildlife management there—deer management and so on.

Mr. T. P. Reid: You are an expert on wildlife, Frank. I just tried to even things up.

Hon. F. S. Miller: The only reason I am an expert on wildlife is because I have had the great good fortune to watch you in the House for seven years.

Mr. T. P. Reid: You should have been here four years before that.

Hon. F. S. Miller: But we really have studied the fishing problems with the federal government. I think that the Strategic Plan for Ontario Fisheries has come up with a realistic approach to it. Yet every time we talk about it, I run into people from, say, your area, Lake Nipissing, where the harvesting perhaps exceeds the production by 20 per cent per year. We will try to say to people, "Please wait until later in the season." "Please talk about cutting down winter fishing." But they always say, "But I have got to live this year," don't they?

I keep saying to them, "If you want to live this year, you can't keep taking the fish at the rate you are doing." I look at the one band on Shoal Lake, not quite in your riding but near it, where 258,000 pounds of pickerel were taken by one band on one license last year from a lake whose total fishing capacity from all sources comes nowhere near equaling that kind of figure.

Yet, a few years back they were taking 10,000, 15,000 or 20,000 pounds and were happy with it. I have a really hard fight to impose upon people the urgency and the need to manage the fishery today. Management of the fishery in the north is the key thing. Re-establishment of the fishery in the south is the key thing. That is what we are trying to do. That's why we put a four-point program for it under SPOF, only one element of which was a licence and that licence would only be put in if in fact the money is returned to the fishery to improve it by some \$8 million to \$10 million.

Mr. T. P. Reid: You know that that is not possible.

Hon. F. S. Miller: Don't be too sure. I have to echo government's statement. We don't want to put in a licence in this province and irritate people.

Mr. T. P. Reid: If you can guarantee that the money that comes from the licence will go into the fisheries, I'll second the motion. There is no way, particularly with Darcy McKeough, that you can guarantee that.

Hon. F. S. Miller: I will guarantee to you, not that I will get \$8,000,102 back, if that is what the licences produced, but that I will get back the estimate of the volume each year on the licences as an incremental part of my fishery budget if that goes through. That I will guarantee you and that much I can say cabinet would endorse.

Mr. Foulds: For how long?

Mr. T. P. Reid: Give it to us in writing and we'll accept it.

Hon. F. S. Miller: It will be here in Han-ard and my words are—

Mr. T. P. Reid: If it's no closer to the truth than the rest you have given us, it doesn't count for much.

Hon. F. S. Miller: As long as we are the government. We have roughly \$10 million in he estimates right now I think. You will find that we can get an estimated \$8 million to \$10 million through these various sources of revenue, which would mean a virtual doubling of the budget. I have a commitment for that much if the people in the province of

Ontario are satisfied that it is worth paying the \$5 for a licence for people between the ages of 18 and 65.

Mr. T. P. Reid: Okay, we'll go for that, won't we? We'll go for that. On the other hand, you have to protect the Ontario fishery from the American sports fisherman who is coming over and using our resources and is going back and staying on the American side. But we'll get into that.

[10:15]

Hon. F. S. Miller: Okay, but that is a lake up in the north, which borders on three states or provinces.

Mr. T. P. Reid: It's also the same down on Lake Erie and on the Great Lakes.

Hon. F. S. Miller: Now to the subject of Indians.

Mr. T. P. Reid: Native people.

Hon. F. S. Miller: When I was in the Ministry of Health I said that nothing had frustrated me as much as the English-Wabigoon River system problem and now that I have changed ministries, I can re-emphasize it. It was one of those things that, if I were a member of the opposition, I would find easy to criticize, and I'm sure that if you got my job you might not find it so easy to do what you are recommending.

Mr. T. P. Reid: There is no easy solution, I'll agree with you.

Hon. F. S. Miller: The feds have just as much authority. In fact, they theoretically have the authority to act, and you will recognize that when Monique Begin, a month ago, said she was going to do it, she was very quickly told by Romeo LeBlanc that he wasn't going to do it.

Mr. T. P. Reid: And Leo Bernier had a small heart palpitation.

Mr. Wildman: She said that at the urging of Cyril Symes.

Hon. F. S. Miller: I don't care why she said it. She was misquoted the next day.

Ms. Bryden: But didn't both of them say that your ministry would have to provide the administrative staff?

Hon. F. S. Miller: Oh well, very nicely done. The feds act when they want to act, and when they don't want to, they don't.

Ms. Bryden: Obviously, they don't have administrative staff scattered throughout Canada.

Hon. F. S. Miller: We tried to point out to them that we recognize the problem wasn't administratively possible. How the devil should they assume that they should

stand up in public and say, "Do it, but it's your job; you figure out how"? And then they quietly fade into the background.

Ms. Bryden: Why is it not administratively possible?

Hon. F. S. Miller: Well, have you flown over the English River?

Ms. Bryden: No.

Hon. F. S. Miller: Well, please do.

Mr. T. P. Reid: Marion, you couldn't stop the Indians from fishing.

Hon. F. S. Miller: I'm not interested in the white man, I'm interested in the Indian's health up there. The white man is not at risk.

Ms. Bryden: Well, it is the Indians who are servicing the white fishermen.

Hon. F. S. Miller: I can say in all honesty that the probability, on the basis of the known facts, is that the white man is not at risk. The white man who goes up there will eat a little fish and a scientist may be able to say that theoretically his body burden may, if he eats so many pounds per day for X days, reach a level which I have predetermined as being potentially dangerous; and when it is all over and he dies and you open him up and you look at his brain, there is nothing damaged at all.

Mr. T. P. Reid: Well, you are leaving yourself wide open there, Frank, I'll tell you, Open yours and you'll find that it hasn't been used or something.

Hon. F. S. Miller: I think you shouldn't attend parties before estimates.

Justice Hartt eloquently stated the feelings most of us have when we try to face the Indian problem: the sensation of frustration, the recognition that the Indian is having a tough time in today's world and all of a sudden, through one issue, we translated it all into the evil of mercury.

The evil of mercury highlighted the problem. It was not the problem. It wouldn't explain the problems with other bands in other areas. We have a major problem in dealing with Indians, one which patient discussion, negotiation, trust—if that can be restored—is needed to solve.

Mr. Wildman: I wish you would convince Jim Snow of that.

Hon. F. S. Miller: The tripartite meetings first held on March 16 in Toronto were called historic by Mr. Falconer. In 90 minutes we and the major chiefs of the union and the bands of Ontario thrashed out a mechanism by which the three parties would start to discuss the basic problems—the basic

problems, not the individual problems—facing the Indian people.

We analysed four categories; they are subject to change. Wild rice was one, land problems was another, social service delivery was another and hunting and fishing is the most obvious one. I usually forget social services when I go through my four categories.

We said we would set up staff discussions and that we would get back in September and do our best to find ways and means of patiently exploring the various problems, the fundamental legal problems, and the approaches to them.

We have been dealing with these problems for 111 years since Canada was formed, with little progress. If I can say when I leave this job that a few inches of progress have been made, a little more trust has been re-established and a mechanism has been created, I will feel perhaps more has been done than has been done in the past.

Ms. Bryden: Did your meeting on the 16th discuss how to get to the Indians covered by the epidemiological survey that the federal government is prepared to undertake to let us know what the health problem is?

Hon. F. S. Miller: And we are too; in fact it was initiated by the province of Ontario, if you go back far enough.

Ms. Bryden: One of the earlier surveys may have been initiated by Ontario but there is a new one now that the federal government is financing.

Hon. F. S. Miller: But it's the same epidemiological study that is being asked for; and it was always a two-way or three-way split—the province, the federal government and the private Donner Foundation, wasn't it?

Ms. Bryden: Yes.

Hon. F. S. Miller: —that was willing to finance the study. The key condition the Indians put was the closing of the river for the study. I have to tell you we rejected that.

May I go on to the next gentleman, who has now got nine minutes; but you deserve more than nine minutes, Jim—

Mr. Foulds: It depends on the quality.

Hon. F. S. Miller: The quality?

Mr. T. P. Reid: It has got to improve a hell of a lot.

Hon. F. S. Miller: Patrick, I am going up to Atikokan next week.

Mr. T. P. Reid: That's always good for 500 votes for me.

Hon. F. S. Miller: I open hospitals when I go to Atikokan. When he visits there with

ne, he says nice things about me in Atikokan. It's the one town he doesn't dare—

Mr. T. P. Reid: Frank, I must admit you have done a lot for my area—not all good, but—

An hon. member: You don't appreciate it.

Mr. T. P. Reid: No. I must say, and I want it on the record, if it wasn't for Frank Miller there wouldn't be a brand-new, \$2.2-billion hospital in Atikokan, and I publicly thank him for it again.

Mr. Chairman: I think you are in the estimates of the wrong ministry. We are discussing the Ministry of Natural Resources.

Mr. T. P. Reid: Mind you, it's all been downhill since then.

Mr. Chairman: Continue, Mr. Minister.

Hon. F. S. Miller: The critic for the NDP, think gave a thoughtful presentation too. He and I don't always see eye to eye, but I think we try to discuss the issue in a sensible way. He started off with a romantic statement. I don't know; I guess I gave up being an engineer to go back and live in what I call the north, Muskoka. Those of you in the north laugh, but the north does begin where—

Mr. T. P. Reid: It's north of Barrie anyway.

Hon. F. S. Miller: The north does begin where the Shield begins. I don't care what you say.

Mr. Wildman: The Shield goes right into northern New York state.

Hon. F. S. Miller: I think the way people think has a great deal to do with the geology around them—

Mr. Wildman: North of 401.

Hon. F. S. Miller: —and I, for one, have a very strong feeling about the less populated parts of Ontario, the Shield and the clay belts of the north.

You were talking about your feelings as you took off from Thunder Bay. Usually, when I am landing at Thunder Bay, I am praying that we don't hit Mount McKay. Did I pronounce that correctly?

Mr. T. P. Reid: The locals pronounce it with a long "a," but people who get Torontoized say it with an "i" sound.

Hon. F. S. Miller: I would think the most romantic evening I can recall as minister—

Mr. T. P. Reid: Careful now. This is getting too personal, Frank; and your memory isn't that good either.

Mr. Chairman: This is beginning to sound like a soap opera.

Go ahead, Mr. Minister.

Hon. F. S. Miller: I try hard. The evening was spent out in front of Marathon, going out to the Slate Islands last summer—Terrace Bay, I have been corrected; Marathon is further down. It was a night when the sun had just broken out of a pretty wet sky. We went out to those islands, which I think we got for some \$9,800 of back taxes from Kimberly-Clark on the assumption that we would put them into provincial use, and where we have a captive caribou herd.

Going across that lake in a small boat, seeing the size and the beauty of the shore of northern Lake Superior, you do have that real feeling of attachment for the land and for the values of the land. I think that has to be kept in our minds when we talk about the north. Anybody who doesn't know or feel that really hasn't got an appreciation of what the north means. I think I have that feeling, and I think that's what made me change my job when I was in my mid-30s and go back to an area where I thought the conditions of life were good.

It has always been ironical to me that everybody tells me we should produce jobs for people who come from the north. We produce lots of jobs as foresters, as physicians, as nurses, and yet where will they not go? Back to the north. I just find it a bit ironic that perhaps the values you and I see there aren't fully appreciated by a lot of other people.

Mr. Riddell: I am anxiously waiting for that trip you are going to plan for the legislators through the north, Frank.

Hon. F. S. Miller: For all that we would get criticism from the press, I think those trips have a very real bonus to the people who elect us, on two counts. I have only had the chance to go on one. It was a well-organized trip run by this ministry and it was by train through the northeast, but it brought a lot of people who don't ever see that area, except perhaps flying over it or passing through it quickly, into a much more intimate contact with the north.

Yes, it did give us a couple of days together to fish in a lake and I for one would be the first to tell you that's not a bad thing, that the understanding of our fellow legislators is often better achieved through a couple of days on a select committee or a couple of days in some kind of personal contact than it is in the partisan atmosphere of this kind of committee.

Mr. T. P. Reid: Were you at Hawley Lake?

Hon. F. S. Miller: Yes, sir, I was. It was very wet.

Mr. T. P. Reid: That's when you fell in, wasn't it?

Hon. F. S. Miller: Mr. Chairman, I have only got two minutes left. I would rather properly deal with the NDP critic's comments tomorrow if you would let me.

Mr. Chairman: Go ahead and let's finish up at 10:30 and we shall put Mr. Foulds on the list tomorrow.

Hon. F. S. Miller: No, no, I was just saying my comment and my rebuttal to him. You talked about the serious problems of administration, the monolithic atmosphere of a government ministry. I have a funny feeling that while I go to places like Thunder Bay and hear my staff talk about the problems of communication, freely and in a public forum, that I probably have a ministry where there's more communication than most, but the size of the ministry and the age spread between perhaps the younger people at the bottom and the older ones at the top both add to the feeling of lack of communication.

I, for one, felt the conference in Thunder Bay might have had as one of its more positive benefits a chance for those who felt alienated from those in power to stand up and speak. It didn't happen on day one except for a few, let's say, angry remarks. It started to happen in the individual group discussions and by day three no one really felt constrained if they wanted to say something about the ministry or its policies, whatever it may be, personnel or management. That's important, because I think they have to feel that they have that right or they are not going to be satisfied that the structure is serving their needs. That's one of the reasons I have travelled around a lot.

You talked about size of our ministry, the fact that miners want their own ministry. I have to tell you that when I visit other provinces, Ontario's Ministry of Natural Resources is envied by them because, in fact, it brings together the various heads in one place where the trade-offs on land use can be dealt with by one minister in one place.

Mr. T. P. Reid: How about putting one of your assistant or deputy ministers in charge of mining?

Hon. F. S. Miller: That's a valid point and one we thought a lot about. Why shouldn't I have one in charge of lands? Why shouldn't I have one in charge of forests? Why shouldn't I have one in charge of parks?

Mr. Wildman: Wildlife.

Hon. F. S. Miller: Wildlife, sure.

Mr. T. P. Reid: Only if it has a monetary economic contribution to the province.

Hon. F. S. Miller: Okay, but each of those has an important contribution to the province and each of those is grouped into the executive co-ordinator level and given that status. I feel that I have been as keenly aware of the problems of mining this year as any Minister of Mines would have been and I have acted in the interest of mining communities I think reasonably well this year. I am not sure they would agree with me.

The paper war was discussed, but you know you touched on the answer to that too. The questions of the ministry, whether they be on the order paper or through the minister in oral questions, are like coroners' juries. Staff who can't answer a question asked of the ministry by the opposition quickly learn they had better damn well have those statistics available next year, and so you institute one more need to keep track of things. I think responsible criticism requires accurate information. But information just for the sake of embarrassing a ministry can, in many instances, result in requirements for no end of record-keeping simply to answer the questions posed of the minister.

[10:30]

Mr. T. P. Reid: That's a cheap shot.

Hon. F. S. Miller: No, no.

Mr. T. P. Reid: Well, give us an example.

Hon. F. S. Miller: Okay, I can be very specific. I am not trying to be cheap, Pat.

Mr. T. P. Reid: It sounds that way to me now. You are saying that the opposition, from whichever party or both—

Hon. F. S. Miller: I am not choosing a party. I think if our party was in opposition, the problem would be just as great.

Mr. T. P. Reid: You are telling us we are wasting your staff's time and the taxpayer's money?

Hon. F. S. Miller: I am trying to say that lots of questions are asked and I question whether they are used enough to justify the hundreds of man-hours sometimes needed to answer them. Yet the custom of the Legislature and of the House has been for ministers to do their best to answer questions and to ask staff to have that kind of information available. All hell breaks loose sometimes when staff can't give you the numbers of acres of something or other. I am using your question, I am not taking a shot at you.

Mr. T. P. Reid: It was about the use of phenol.

Hon. F. S. Miller: All right. That's a question where the information was reasonably accessible. But there are questions where you are asked to show in great detail the moneys spent by a ministry on replanting certain species of trees and acres ploughed and acres seeded and acres done this and acres done that which can put people to work literally for years.

Mr. T. P. Reid: Are you saying that isn't a valid question, when you get up, and you and the Premier say you are doing this and that and the figures indicate that you aren't, and

that we can use those figures during your estimates?

Hon. F. S. Miller: I think as long as we sit on opposing sides, we will have some disagreement.

Mr. T. P. Reid: All right, but I think that was a cheap shot, Frank.

Mr. Chairman: It's now 10:32. We have gone past the normal hour. We shall adjourn until 10 o'clock tomorrow morning. You still have some wind-up comments, Mr. Minister. Thank you, very much.

The committee adjourned a 10:32 p.m.

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Resources Development Committee

Estimates, Ministry of Natural Resources



Second Session, 31st Parliament

Wednesday, April 19, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, APRIL 19, 1978

The committee met at 10:07 a.m.

ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

Mr. T. P. Reid: Mr. Chairman. I have a point of order before we go on. At the close of last night's remarks, the minister made a few gratuitous comments that reflected on the members of the House and on me in particular.

Hon. F. S. Miller: Oh, no.

Mr. T. P. Reid: His remarks related to questions being placed on the order paper and suggested that those questions were frivolous and a waste of time and money.

Mr. Chairman: Well—

Mr. T. P. Reid: I'd like you to hear my point of order.

Hon. F. S. Miller: I'd be glad to listen to it, because I want to answer it seriously.

Mr. T. P. Reid: I think it's a very serious statement that the minister made. I hope he's had time to reconsider what he said and perhaps he will amplify on those remarks because I'm not prepared, as a member of the House to listen to that kind of thing.

Hon. F. S. Miller: I hope you will listen to my remarks and not take them in a partisan way. I'm looking for last night's notes. I can't find where they are. I had written notes on each of your comments, but I don't need them for this response.

When the NDP critic was going through his list of comments, he mentioned something about the paper war. The paper war, for your information, was a comment made by staff during the Thunder Bay discussion of regeneration and its problems. They were saying that, from their point of view, a great deal of their time and effort was spent filling out the necessary information forms and keeping records for all kinds of eventualities.

As I recall, one young forester said: "The way I get to see the trees I'm responsible for is to book off sick for the day. In that way I can't be in the office filling out paper." He said it in a lighthearted way, but I think he was being at least partially serious when he made that comment.

When the member for Port Arthur (Mr. Foulds), in his comments, said, "Perhaps the kinds of questions asked may require staff to keep records," I was not really seriously trying to say you—I used a poor example; I should never have used an example that was yours or anybody else's.

I shouldn't have been specific. I used a question which I think was a legitimate question, yours about the spraying of the spruce budworm. But I only used that reference in passing and saying that we would expect staff to be able to go back and tell us that kind of thing.

That question is a serious question, but at times a question will be asked on the order paper that has such detail that one sometimes would have to wonder, had you or I been aware of the cost, whether the staff or the time involved, would have been justified.

Mr. T. P. Reid: There are provisions under the standing orders—

Hon. F. S. Miller: I recognize that. But the problem we have to see is this: As a minister, I'm not anxious to tell you, "I can't answer that question because it's going to cost too much money." I think staff of all ministries—although my staff haven't come to me with this comment—have come to ministers and said: "A good deal of our record-keeping is based upon our concern that we may get a question of this kind, which leaves us looking foolish and particularly leaves the minister looking foolish, and therefore often angry with staff, because they couldn't help him out when they're unable to fill the bill."

I guess what I'm trying to say is that somewhere in between the proper responsibility of me as a minister and my ministry to you as an official critic, and your responsibility as an official critic, there has to be a neat balance between asking those things which properly can be used to attack a government—or support it, as the results may come—and the attempt simply to prove that you can extract information out of an agency that may not be all that useful when you receive it. That is a real problem, whether I'm in the opposition or you're in the opposition, in terms of our staff.

I'm not being partisan in the comment at all. I don't have a solution to it. I just

happened to be commenting upon that last night, saying this is one of the reasons. I think I used the analogy of a coroner's jury. If you go into the records and see regulations that, in future days, people who have to live with them, whether they be business people or government agencies, say are overly costly and nonproductive, they very often flow from a single incident that resulted in a single recommendation which was acted upon by government and, in effect, becomes one more requirement of business and industry to live up to.

Questions have the same effect. One question may be asked and, because the data were needed, we perpetuate the collection of certain data, which in effect, takes more time than the information is worth. That's really what I'm trying to say.

I wish I could analyse it and say, "This kind of information is useful and that kind isn't." I think my staff would tell you they need a better data basis for their own research in many things—in regeneration, for example—and they would rather be free to be assessing the kinds of data that will help them to make management decisions than collecting data to bail their minister out. Do you follow me?

Mr. T. P. Reid: I think you're full of hot air, Frank. You're the author of your own misfortune because, if we could get this information easily, we wouldn't have to put those kinds of questions on the order paper. Sure, the odd time there is a question that is so detailed as to be ridiculous, but that happens once in a blue moon—it's very seldom.

Mr. Chairman: I think we've belaboured the point a little too long. We're here to discuss the estimates of the Ministry of Natural Resources, and I don't think we're getting anywhere with this type of discussion. I'd ask the minister to go ahead with the windup comments.

[10:15]

Hon. F. S. Miller: I'd be glad to. I should point out that if the chairs are ever reversed some day, you may see this from a different perspective.

Mr. Hennessy: One comment: I'd just like to say that, hearing his remarks, Mr. Reid reminds me of a hockey player who likes to give out the body checks but, when he gets the body checks, he can't take them,

Mr. T. P. Reid: That adds to the general intelligence of the conversation.

Hon. F. S. Miller: I think the member for Rainy River knows that I am not normally

controversial in these kinds of things. I wasn't trying to be in that instance. I was trying to do something that I hope is in the interests of you and the staff and that we both hope will produce results.

Mr. T. P. Reid: That wasn't the way it came across.

Hon. F. S. Miller: No, I recognize that I thought about it overnight and I'm trying to say that was the spirit it was given in. I don't know whether you can accept that or not. Otherwise, I guess I'd have to say, why were my staff telling me about the paper war?

All I got through were the questions on administration that you referred to, and then we went on to forestry. The public awareness of the need for forestry has perhaps been one of the real constraints in terms of ministries' abilities in the past to get funds. It would seem to me the controversies in the press and in the House in the last year may have done us all a favour in that sense. The conference at Thunder Bay was also aimed at making the press, and therefore the people, aware of the magnitude of the problems.

You started on this very issue when you started talking about reforestation and how we must continue to push the program. I'm convinced that public awareness still is a long way below a desirable level. While we kind of talk about it, the very fact that only the local press turned up at the Thunder Bay meeting, even though many others were invited, tells me that most editors say to themselves, "That's not an issue my readers want to hear about." That is, in effect, giving us the challenge to make it something the public wants to hear about, because when the public wants to hear about it, it's easier for any of us to implement a program and get the financial support that governments need to provide. So public awareness has a direct reflection upon the ability of a minister to get money and the ability of a program to go forward. I think we share the same purpose there in saying that it must be done in a better way.

We are committed to a sustained yield program. The policy was in place before I came along. I believe the official target for sustained yield was set at about 9.1 million cunits a year by 2020; and we were cutting, if I'm not wrong, somewhere around six million cunits a year at the time we set that target. I've had serious thoughts and told staff we should probably upgrade the target to 12 million cunits a year, if we can, since demand appears to be likely to

outstrip the original forecast by that time. But until you get to nine million cunits, 12 million is academic. So I think we have to say that we are committed to it.

Again at Thunder Bay, there was a good deal of talk about the need to put a policy of sustained yield into a statute. If that helps, I don't argue with it at all. I just suspect that we are putting more confidence in the effect of the statute than may be justified. I'm not about to argue as to whether we should or shouldn't do it. I'm hoping that, as a result of the Thunder Bay meeting, there can be some kind of policy statement that people can hang their hats on; and eventually it may be transferred into some statutory form as we amend the Crown Timber Act or any other Acts that come along.

Mr. Foulds: May I interrupt you for a minute? I think it's recognized that simple implementation in a statute won't solve the problem. But giving it that level of credibility might help the problem. It might help the problem in terms of public awareness as well, for various reasons: because of the way governments and legislators generally are looked upon in this day and age, a simple policy statement that is not enshrined in a statute does not carry the weight in the public consciousness that a statutory commitment might. But I emphasize the word "might."

Hon. F. S. Miller: You talked about the two for one approach, and I tried to answer that in the House one day. I don't know whether you saw my answer or not, but I think it deserves repeating in case some of the other members didn't.

Technically, one is on very safe ground when one makes a statement like that. You're not on such safe ground when you talk about regenerating every acre cut, which was the second part of the statement. But technically, if you counted regeneration in terms of the attempts to put trees or seeds in the ground, certainly we're well ahead of putting two in or every one.

Again, I said, because of the public perception, sloganeering—if that's what you want to call it—sometimes achieves a goal, even though the experts close to the slogan will be put off by it. The expert will see the weaknesses in the argument, but he forgets that we need public support and public understanding which can't be translated to the public in technical terms. I think your previous leader made an interjection at that point and said, "Even we have not been above that kind of approach."

Look, let's be honest: If we can look at it and say: "Okay, it's not a lie but it might help in committing the public to understand that there has to be a new emphasis on the forests, that we're going to do something about it and that we need their awareness," then that was what it was aimed to do—purely and simply that.

I had had the commitment from the Premier (Mr. Davis) as I said earlier, that we would get the money and it got translated through him into that kind of a comment in the charter when it came.

You talked about sites and the great variation in growing conditions across Ontario. I guess many of us were unaware of the variations and why trees of one species grow well on one site and what techniques have to be used. We've heard the term "microsites" used, where staff will say that you actually have to farm almost like a farmer does in his various fields. You have to say, "In this field, this stuff grows; in that field, that material grows. We have to treat this one in a slightly different way from that field, even within one farm." We're saying the forest is just the same.

The broad perception that people have about going in and dropping one kind of tree in all locations, say, or massively rebuilding the black spruce by programs, just don't work. You'd have to adjust your silvicultural techniques as scientifically as you adjusted agricultural techniques.

I don't know whether the member for Port Arthur heard the guest speaker from British Columbia on the night of the Thunder Bay conference. He gave a magnificent speech—I would say not one of our foresters budged an inch during the whole thing—just describing that kind of thing and making the parallel to the great revolution that occurred in agriculture across this province in the early part of the century and is still going on.

He mentioned the tremendous change in techniques in one farmer's lifetime, from being a settler to being heavily mechanized, and said the forests have not kept pace with that kind of advance. In fact, the brains and ingenuity of scientists and engineers need to be applied intensively to a lot of the techniques in the forest. Albeit progress has been made, it hasn't been as dramatic as the progress in the agricultural side.

Mr. Riddell: Would you have a copy of that speech?

Hon. F. S. Miller: We could get the speech quite easily, I'm sure. I think we've got it bound up.

Mr. Riddell: I wouldn't mind receiving a copy.

Hon. F. S. Miller: Okay, Mr. Riddell, we'll see that you get a copy. I hope all the things I heard him say are in his written copy; that's all.

Just like agriculture, too, we're going into those areas where genetics are starting to play a large part. In the beginning, you picked up your seeds wherever you could get them and put them back wherever you needed them; you picked them where the cones fell off or from any trees you cut down. A great deal has been learned and still has to be learned about that aspect.

Now we are saying you should select the best trees—we call them "plus" trees—and you may even have orchards for seeds. I saw such orchards in British Columbia. Do we have any orchards ourselves? Yes, we do. You choose those genetically superior stocks for seed production as you would with corn or other products. You return the seedlings to the locations from which the seed came, wherever possible, because of the adaptation of the species to the original site they came from. In other words, there's a great deal more to learn about being very specific in your approach. This is something trial and error and research have helped us with quite a bit in the last few years.

Having seen the results, I am satisfied that well-tended, well-planted forests have tremendous potential for increased annual growth, just as well-managed agricultural crops have. If proper genetic approaches are taken, you will get improved stands through that one technique alone. It's tantamount to taking prairie hay versus the modern agricultural techniques that are used.

If anything came out in the conference in Thunder Bay, it was how much remains to be learned about this field and the admission by many that the lack of knowledge is still there. Therefore, we can't simply say that money and time will solve certain problems.

Certain parts of this province have greater problems than others. The clay belt, for example, the northeastern part of the province, probably has the toughest sites; that's where we have the black spruce and the wet ground. These are the areas where our failure rates at regeneration so far are the highest, and where this ministry has been proposing that major changes in the methods of harvesting perhaps will be more important than the silvicultural techniques we're applying.

You put forward a six-point program, I believe. I don't disagree with any of your

points. I accept them all as necessary, and it's to be hoped they will be incorporated in the things we do. Good access roads, I think, was your last point. That certainly came up in almost every group discussion where we talked about those matters.

I think a parallel has to be made in comparing the Ontario and northern Ontario scenes particularly with, say, the southern Ontario and American scenes. The economics of our forest industry and its disadvantages are seldom understood by people who don't have to face the problems.

Apart from the rates of growth of American southern pine forests—I believe it is 20 to 25 years' turnover time a tree versus our 70 to 100 years' turnover time—apart from that advantage of being able to grow four trees for every one we can, they are almost invariably located on lands fully accessed by public roads.

Going back to the farmers, they don't have to build roads to their farms to cut the crops, yet the fellow cutting our crops generally has been responsible for the construction of roads. I don't know whether the figure of \$50,000 per mile is accurate; it's something in that range for major roads, not for the small roads that access short distances.

The distances we're hauling on those access roads are unbelievable. If you sit in the Thunder Bay mills and talk to, say, Great West Timber and see they are bringing in logs as much as 275 miles to that mill, you begin to realize just how far we have to haul our materials and why transportation costs are such a critical part of the overall at-mill cost of logs and lumber in Ontario.

The conference came up with the suggestion that a program for access roads would have to be part of any overall management program in the future. I hope with time and study, we'll be coming before the Legislature, or before this committee considering estimates, showing that we as a province may decide certain major access roads have to be the responsibility of the province.

[10:30]

Let me give you an example why. I could be site specific if the companies don't mind. They're not here, so I guess I can be. But if one goes up into the Red Lake area, one will find a company cutting basically black spruce and it's cutting it on a progressive basis. In other words, it'll build a certain distance of road, cut the trees, stop; build some more road, cut the trees, stop; yet well ahead of it will be clumps or large

areas of overmature material not being accessed and in effect rotting slowly because the roads aren't there. We would say it is not in the interest of the overall volumes of timber available in this province to leave material unaccessed only because the immediate economics aren't there to justify a network of roads designed to service the whole logging chance over a long period of time.

Some companies have done a superb job of planning the access roads. Some have not, and I'm not necessarily blaming the companies in that instance; I'm just commenting upon it. In the planning we're talking about, obviously that's a major issue to look at because it gets with it better management of the forest.

Mr. Foulds: As a consequence, I think you'd have better tending, too, in future generations.

Hon. F. S. Miller: Yes, sure, because you can get to the stuff when you need to. Because under-tending is necessary too, you know, there are times when you should be taking off a partial crop. Out in BC I was interested in looking at the tending. For those of you who may not be used to the argon, tending can be one of two forms. You can go in at a certain point and cut out the scrub trees of the poor species or the underdeveloped trees of the right species. That's a judgement call and they have a fairly elaborate system for doing it. They leave it to fairly well-trained woods workers who select what they consider the best tree now, say, a 15-foot square or whatever it is they're working on. So sometimes you're simply felling small stuff to let the other ones have room to grow, just like thinning your garden in the spring.

The second phase, though, comes perhaps at the age of 30 years in the west, where the crop has grown up. You see many of our county forests in this state around Ontario. The trees have grown up on a fairly loose basis and the time has come for a definite spacing program. Currently that's hard to justify and if the roads aren't in place it won't be justified. That's when you're going to take off as much as 40 or 50 per cent of the final or total yield of the place by a thinning cut. You take out the immature trees, but they're large enough to be used for pulp purposes, maybe even for some lumber purposes, and leave the others to go on to maturity at a faster growth rate.

You then touched on single use of lands, and again I like the approach that's been

suggested. I feel we have too many people looking at the Crown lands of Ontario from a jaundiced, biased position. I don't care which side they're on, I don't care whether it's the Federation of Ontario Naturalists, or whether it's the Ontario Forest Industries Association or whether it's the miners. I'm simply saying too many people see the land as being of only one value—theirs.

Under SLUP and under the other plans we're simply saying land has to have, wherever possible, multiple use. If in fact we want to use it for recreational purposes, recognizing that sometime in the future we may have to send logging machinery in close to the cottages to take out the timber nearby, then that means for a period of eight to 10 years there will be an interlude when it may not be as pretty as it was, but the fact remains the basic recreational purpose can still be pursued because we seldom—in fact wouldn't—cut down to the shores of the lakes in those areas.

I guess as minister, the most pressing and frustrating problem I run into is the unbending attitude of people who will not recognize anyone else's right to the use of the land except their own preferred choice.

Mr. Laughren: They know what happens when they compromise—they're wiped out.

Hon. F. S. Miller: I don't think so, I don't think so.

Mr. Laughren: I've seen enough of that.

Hon. F. S. Miller: It depends which side's wiped out.

Mr. Laughren: Yes, it sure does. They know which side it always is.

Hon. F. S. Miller: It's always theirs and that happens to be all of them, which means perhaps that it isn't unfair.

Mr. Laughren: I can't stand it.

Hon. F. S. Miller: Why don't you go?

Mr. Laughren: I think I will, I think I will.

Hon. F. S. Miller: We got on to mines and form processing costs. I think there's no use in my arguing that with you. The time will come one of these days shortly in the House when you and I will debate that. Ideologically we will just simply have to say we cannot agree on that kind of approach and let the House be the judge of who's right, I hope I can convince my Liberal friends that I am.

Mr. Laughren: No trouble at all, no trouble doing that.

Hon. F. S. Miller: In the discussions that went on for the Mining Tax Amendment

Act, you suggested I needed to have liaison with TEIGA and with Industry and Tourism. Certainly the liaison with TEIGA was complete. I should explain to you what we were doing. You may have heard me say it, but once I became minister I identified perhaps four major client groups who deal with the ministry on a regular basis—the mining people, the forestry people, the parks people to a degree, and anglers and hunters—and suggested that rather than have them come to see me when they were angry or had a pressing problem, as the ministry representing their interests we should schedule regular meetings with an agenda to discuss problems, even if that meeting was very brief, rather than say we had nothing to talk about.

One of the complaints I usually find from groups—having been in Health where there were 27 or 28 different groups who wanted to speak to the minister—is that the lid often blows off if they don't feel they have access to talk about their problems. So with the Ontario Mining Association we began those meetings back in October and at that time agreed to review the Mining Tax Act and other mining problems over a period of time. TEIGA was invited as of the second meeting and sits in at every meeting now, so it is present while the Mining Association and the Ministry of Natural Resources discuss any proposals. I would suggest as time goes on the OMA will probably start discussing environmentally related matters and at that time we will ask Environment to come along, simply because there's no use repeating a conversation if in fact valid points are being raised.

I've talked about park planning and said the policy was coming forward and I think SLUP is coming along pretty well too—I think it's in phase three in your area?

Mr. Foulds: Yes.

Hon. F. S. Miller: In connection with SPOF and fish, last night, if I heard you all correctly, you were saying that if licence fees had some chance of returning to the fishery budget then most of you as politicians would endorse that change.

Mr. Foulds: More than some chance.

Hon. F. S. Miller: Okay, I think really we are both posed the same problem, although I would be the net loser if our assessment is wrong, and I'm not sure therefore I can ask you to be totally unbiased in your appraisal. What we have been trying to decide is not whether it is fair to charge \$5 for those between 18 and 65 to fish, but whether the public would see it as fair.

There's a fundamental difference, because the people responding to us are responding overwhelmingly in a positive sense.

We've had a number of attempts to find out what the public does feel about this—not what the member feels, although hopefully the member will reflect what the public feels, but simply what the guy on the street feels. Is he going to be irritated or isn't he? If he is, it would be my position as minister that I would have to make a concerted attempt to get the money anyway without a licence. But I recognize in a time of constraint, up until now that has failed. So I was simply saying, with the licence I could do it; without the licence my odds weren't good.

Mr. Foulds: Could I just ask a particular question here? You mentioned the \$5 fee.

Hon. F. S. Miller: That's a projected fee. It's not a solid one.

Mr. Foulds: You must be doing some kind of testing of the public perception.

Hon. F. S. Miller: Yes, we're trying to.

Mr. Foulds: In that testing, is the irritant level lower, say, if you put on a \$3 fee?

Hon. F. S. Miller: No, I don't think that's the issue. I haven't heard people argue about the quantum at all, no.

Hon. F. S. Miller: I think it's good for any of us when we're having meetings with people who are interested in fish and game to sit around chatting with them. I'm going to one tonight. I'll do this tonight, just as I did last week in Middlesex county.

We had a group of people, maybe 35 or 40, sitting in a room talking about general problems. I went over the discussion of SPOF briefly and said: "From your own personal point of view, not what you think other people would give, just how do you feel? That's all I want to know. Put up your hands if you're in favour of it. Put up your hands if you're irritated by it. Explain how the money would be used, plus or minus 10 per cent for the improvement of the fishery." It was an eight to one ratio in favour. I just took a quick count. There were eight times as many people who favoured it as disapproved of it.

Mr. Foulds: That was a client group?

Hon. F. S. Miller: These were farmers who had come in to talk to me about problems like hunters going across their property, trampling down their grain, shooting their squirrels before they had a crack at them. I wouldn't call them the avid sportsmen that you would expect to find at an official OFAH meeting. I was right in their little

town where they could come to me. That's the kind of reaction I'm trying to get because, inevitably, the official organizations have said "Yes." The sportswriters, with one exception, have said "Yes." In turn, we're saying, "Are they just wishing because they're close to the scene or are they not?"

That concludes my remarks, Mr. Chairman.

Mr. Chairman: Thank you, Mr. Minister. We've spent over three hours on the opening remarks of all three parties. Mr. Foulds, would you contain your remarks to vote 2401, item 1?

Hon. F. S. Miller: There is an error in the printed—

Mr. Foulds: Mr. Chairman, before we actually get started on the individual votes, in the last round we had at these estimates we did not get to the two major votes at the back. We've got some 22 hours for the estimates. By agreement of the committee, could we, at say hour 15, go to vote 2404 to ensure that we cover timber and mining, which we didn't do in last year's estimates?

Mr. Chairman: Yes, this is why I want to proceed with the votes, because of the limited time. As I say, we've spent three hours and 15 minutes from last night and this morning on the opening remarks and I think we should concentrate on the votes and the items so that we can get through the estimates as you suggest. So, if there are any comments on vote 2401, from items 1 to 9, we'll begin. Did you want to make any remarks, Mr. Foulds?

Mr. Foulds: Not right now.

Mr. Chairman: All right, then we'll start with Mr. Reid.

Ms. Bryden: Mr. Chairman, I think it's worth the committee making a decision on that suggestion of my colleague that at hour 15 we go to vote 2404. On the procedure we're following now, we may not finish, or we may not feel the urgency to move ahead.

Mr. Chairman: I think, Ms. Bryden, we'll have sufficient time to complete all the votes. It's just that in the opening remarks we've lost three hours already. Normally we'd use about an hour with the opening remarks. We've gone three.

Mr. T. P. Reid: That's hardly the word that would use, "lost."

Ms. Bryden: This is a proposal, Mr. Chairman, to ensure that we have at least seven hours for the last two votes. I think it's a reasonable proposal regardless of where we're on the other votes.

Hon. F. S. Miller: I have no objection.

Ms. Bryden: I'll move that as a motion.

Mr. Chairman: We have a problem here too, because it's a matter of staffing. The ministry staff has to come in based on the vote. We can't jump from one vote to the other and expect the staff to be here. If there are questions asked by yourselves and the staff isn't here then you won't get an answer.

Ms. Bryden: This makes it easier, Mr. Chairman, with respect, because at hour 15 we know we're going to vote 2404 and the staff for that vote and the succeeding one can then plan to be on deck.

Mr. Chairman: I think we should commence in an orderly fashion and then we can decide.

Ms. Bryden: Mr. Chairman, I was offering a motion that we, at hour 15, move on to vote 2404 regardless of where we're at on the other votes.

Mr. Chairman: Mr. Hennessy, do you want to make a comment?

Mr. Hennessy: The only thing is that we could throw ourselves away out. If somebody is not here you're going to have to go and look for somebody from the ministry. We're just wasting valuable time by having people sit here six or seven hours when they could have answered that question rather than go all over the ballpark. I can't see the reason for it. If you go from item 1 to 4 and keep on going, at least you're going in rotation and the people in the ministry will know that they have to be here at a certain time. Otherwise, you're just wasting the taxpayers' money by having somebody sit here for a day and a half when they could have sat here for an hour and a half and got the thing over with. It's not fair to the people from the ministry.

[10:45]

Ms. Bryden: If we could only go until hour 15 and then whatever is not completed we could go back—

Mr. Hennessy: No, you'll agree if you get your way.

Mr. Chairman: All right, all those in favour of going to vote 2404 at hour 15?

Agreed.

On vote 2401, ministry administration program; on item 1, main office:

Mr. T. P. Reid: Mr. Chairman, I'd like to ask the minister about his information services. In the budget for last year, the actual was \$1,447,215. Information that I got—incidentally, through a question on the order paper—indicates the total last year—I presume

for the year; the answer was tabled on November 29—was \$1,778,000. There seems to be some discrepancy in those figures. It indicates, at the very least, that you spent more in the last fiscal year on information services than you are this year. Can you explain that? Can you also break down what the \$1,562,000 is for under item 5?

Hon. F. S. Miller: I guess I should have Mr. Moritsugu come up for that. I think Mr. Moritsugu can answer any specific questions about the ministry information services as he is the director.

Mr. T. P. Reid: Did the gentleman hear the question?

Mr. Spry: Mr. Chairman, could I just make just one comment before Mr. Moritsugu? The members should be aware that we transferred a section from the information services into the personnel branch. That is our safety section. This represents the reason for the difference. There are four positions. This represents the difference between the 1977-78 estimates and the 1978-79 estimates, the reduction which I think you were referring to.

I'd have to look up the information on the \$1.7 million figure. I doubt if Mr. Moritsugu could tell you that either. I don't recall that being the figure for 1976-77, as you were suggesting. I'd have to see the answer to that question.

There are other parts of the ministry's operation that have quasi-informational connotations in them, if I could use that phrase, and if we were trying to identify the total expenditure on information services we might well have included some parts of other sections of the ministry's operation.

Mr. T. P. Reid: How many people do you have listed under information services? How many people work in that department?

Mr. Moritsugu: There are 32 with another 12 people who are unclassified.

Mr. T. P. Reid: You'd have them listed as information officers, classified and unclassified, for a total of 44?

Mr. Moritsugu: No, Mr. Chairman. As information officers we have eight. We have exhibit staff. We have audio-visual and films people as well, so information officers, per se, are about eight altogether. There are then the clerical people and supervisors and managers, some of whom are information officers and some who are not.

Mr. T. P. Reid: My information here, tabled November 29, is that you have 10 information officers classified and unclassified. What is your advertising budget? Does

your advertising budget come under information services?

Mr. Moritsugu: Part of it does.

Mr. T. P. Reid: How much is that?

Mr. Moritsugu: I would have to get the figure for you.

Mr. T. P. Reid: That would be nice; we are here to talk about money among other things.

Mr. Chairman: Mr. Reid, I think we are on vote 2401, item 1, main office.

Mr. T. P. Reid: You asked for anything under 1 to 9, but I'll go back to item 1 while the gentleman is looking up the information.

How many people are employed in the head office?

Hon. F. S. Miller: Well, I'll go back to item 1 myself: activity and supply. If my information is correct—and, again, Mr. Spry can check that—I have a total, under main office, 2401, item 1, and my information is there would be 22 classified and 10 unclassified. Is that correct?

Mr. Spry: As far as I know, Mr. Minister, that is correct.

Hon. F. S. Miller: And that is the same as last year's total.

Mr. T. P. Reid: Can I go on to item 2?

Mr. Chairman: Any further discussion under main office?

Ms. Bryden: Thank you, Mr. Chairman. With regard to the information provided in the background material, I have just come through the Environment estimates so I have had a chance to observe how another ministry handles this provision of information. In some respects your ministry, Mr. Minister, has improved on what Environment did, in that you have given us figures of employment last year and this year in terms of man-years. But I wonder if it would be possible to provide the committee with a breakdown of those figures between the classified and non-classified, so that we know how much the ministry is relying on classified and unclassified employees respectively, and whether there has been a change in that category between last year and this year? Would it be possible to break down those figures in the background material into classified and unclassified man-years?

Hon. F. S. Miller: I would defer to Mr. Spry on that. Are you talking about 2401, item 1?

Ms. Bryden: No, I am talking about the entire background material covering all votes.

Mr. Chairman: Let's stay within the vote and the item if possible so that we can try to complete a few of them.

Ms. Bryden: This is a request for background material that will affect all votes. Surely you bring that up under vote 2401, item 1.

Mr. Chairman: You have a copy of the background material. Isn't that enough?

Ms. Bryden: Yes, and I am asking for additional information.

Hon. F. S. Miller: Under each vote we have a breakdown. In other words, I can tell you under 2401, item 1, that 22 are classified, 10 are unclassified. All I would have to do is go through each of the items, because I believe under each of my vote items there is a figure to tell me the relative number of each. We have a very high number of variable unclassifieds, or seasonal staff, probably more than any other ministry, I would suspect; and because some of the rules for salary and complement are, I understand, being changed by Management Board, we have been going through a process of determining which unclassified staff should be listed as permanent complement positions. I believe you came up with a number.

Mr. Spry: Seven hundred and sixteen.

Hon. F. S. Miller: Yes, we converted 716 of the people who were previously called unclassified, that we deemed or considered to be permanent, because we permanently needed their services, no matter what they were called. So, in effect, we got a change in our complement numbers to reflect the fact that they were working full time, no matter what we were calling them.

Ms. Bryden: They still had different benefits.

Hon. F. S. Miller: That certainly changed their benefits by bringing them into that category. And it gave them a security which they previously didn't have.

Ms. Bryden: In order to save time having to ask under every vote what the classified and unclassified breakdown is for last year and this year, would it not be possible for the ministry to provide the committee with his in written form as a supplement to the background material?

Hon. F. S. Miller: As a matter of fact it may be immediately available. Do you have your sum total of them all, Mr. Spry?

Mr. Spry: No, I haven't the total, just by individual votes, but we could provide a title table very readily, Mr. Minister.

Ms. Bryden: For each vote? Last year and this year? That would be very helpful, I think.

Mr. Spry: I am not sure about last year's picture. I would have to defer to Mr. Szulc as to whether that would be a problem, but we can certainly provide this year's. But I think we will have it for both.

Ms. Bryden: Another piece of information that would be very useful, and which the Ministry of the Environment provided, was an estimated actual for 1977-78 in addition to giving us just the estimates figure. That must be available by now, since the year is over, and it is much more relevant than last year's estimates.

Hon. F. S. Miller: The estimated actual, again by vote?

Ms. Bryden: By vote, yes.

Mr. Spry: I suppose we could say we have an eleven-one—that is the jargon we use—with our actual expenditures up to the end of February, and an estimate for March. There are still things being adjusted for the month of March, so that the final figures, as you are well aware, are not fixed yet. But we could certainly produce a figure of sorts. We would have to make sure it was understood that this was not the final figure and could change somewhat as a result of cross-charging. We deal a lot with Government Services and Northern Affairs and so on and there is a certain amount of that back-and-forth charging which is not quite complete yet. But certainly we could provide an estimate.

Ms. Bryden: That would be very helpful. One thing that you do provide, which the Ministry of the Environment didn't and which I commend you for, is giving the figures not only vote by vote from last year's estimates, but giving them item by item; that is, the breakdowns within the vote. Most of the ministries don't give that breakdown.

I would just like to go for a minute to the question of the representation of women in the ministry. Should that come under personnel or under this vote?

Mr. Chairman: I think that would come under personnel services, item 4.

Hon. F. S. Miller: The affirmative action program, isn't it?

Mr. Spry: No, it is under the main office vote, Mr. Minister.

Mr. Chairman: Okay, go ahead.

Ms. Bryden: I am very pleased to see that there is at least one woman among the

array of staff. No, there are two now—if they are both staff.

Hon. F. S. Miller: No, one is from Hantsard,

Ms. Bryden: It's a very impressive array of staff that has joined us, but I think if there is only one woman it somewhat reflects the character of the ministry which is third lowest in the percentage of women in the public service, in the different ministries; if you exclude the Solicitor General which has the OPP in it, this ministry is the third lowest in percentage of women. It has 18 per cent out of 4,000 employees.

I have to admit, Mr. Minister, that I am using somewhat outdated statistics. The latest report of the Women Crown Employees Office is 1975-76, so it is almost two years out of date, since it relates to March 1976. I hope perhaps one of your staff may be able to indicate there has been some change in these figures in the last two years.

The average female salary as a percentage of the average male salary in the ministry actually went down in 1976 from the previous year to 61.4 per cent. It had been 62.8 per cent. There were only 40 women among 1,515 management employees. I realize there are a lot of professional technical staff and there aren't always women available or trained in these fields. But even in the administrative module there are only 15 women out of 323 total staff, which amounted to 4.6 per cent, whereas in the entire Ontario public service, women were 15 per cent of the administrative module. So it seems to me there is a lot of room for affirmative action and for opening opportunities to women in the ministry, and I would be interested in any more up-to-date figures on that.

Just one footnote, the Women Crown Employees Office has developed something known as the index of segregation. Actually it borrowed it from another researcher. It is a measure of the percentage of men and women employees who would have to switch jobs in order to end up with a proportional representation in each occupational category to correspond with their overall proportion in the public service. Since women represent 38 per cent of the Ontario public service, an index of segregation equal to 38 would indicate the proportional representation of men and women in all occupational categories was in accord with their proportion in the total service. The higher the index, therefore, the worse the situation.

[11:00]

The ministry's index is 83.6 per cent, up from 82.8 per cent in the previous year. I think it's the third highest, so it indicates there is still quite a long way to go on that index as well. The overall index of segregation in the OPS is 58 per cent, I wonder if the minister could comment on what is being done about that?

Hon. F. S. Miller: Gladly. Naturally, when I was Minister of Health I had all the best figures going for me. Now I've got all the worst figures going for me. To a degree, it was a function of the job, because there were many professionals within Health who were female and who, therefore, had the necessary prerequisites academically to advance.

I've talked to my deputy minister and I've talked to the affirmative action co-ordinator. I can tell you she is anxious to improve those figures, as is the deputy, and aware of the difficulty of improving them. Last summer, I was visiting Red Lake sometime in August or September, I forget just when. I arrived there just as our affirmative action person went out. She was actually out, going from office to office at that point, as I understand, looking at the opportunities for advancement of women within the ministry. So I don't think she's been sitting passively, I think that was the lunch we had at Balmertown.

Certainly, the female staff of my ministry that day, because they had just had a chance to talk to the affirmative action co-ordinator, were quite anxious to talk to me about the needs to improve opportunities. A lot of it will depend upon our having graduates with the required skills. It happens that forestry—mining in particular, but forestry to some degree—traditionally hasn't been producing the numbers that would allow us to improve that percentage. Biologists, yes. I have just been given a note that we have just named a female as superintendent of one of our parks for this year.

Ms. Bryden: That's very good news.

Hon. F. S. Miller: Yes. I think that will be at the Point Farms Provincial Park, which I visited last year, I think that's down near Goderich, if I recall. So we will have a park warden superintendent who is female this coming year at that particular location. That's the kind of job that perhaps we can open up more often, because the academic background may not be as critical as the capabilities of the person. Those are still tough jobs.

It is interesting, some of the problems we get into with the affirmative action program, because many of our jobs require a fair de-

gree of isolation and separation. You get work crews out for days at a time, sometimes weeks at a time, without returning to home base, with married men along with single females or vice versa, married women along with single males. I don't think their marital status matters a damn after the seventh day.

Mr. Lane: What is that about seven days?

Mr. Foulds: That's your tolerance limit, is it?

Hon. F. S. Miller: It depends on your age, I guess. There's a scale. But I want to tell you that while we can laugh about that problem it is not a joking matter for the spouse at home. Whether there is anything happening or not, it is perceived to be, and it has caused us some agony at times in these kinds of problems. I just point that out. It is difficult, therefore, to have an all-female crew, although as you know we had all-female fire crews last year as an experiment. Were you aware of that?

Ms. Bryden: No, I wasn't.

Hon. F. S. Miller: Oh, then I am very pleased to tell you that. We are very proud of them. I could ask Mr. Ringham to tell me how many we had,

Mr. Ringham: We had two; one in Fort Frances, one in Timmins, and a part in one of the other districts.

Hon. F. S. Miller: That's an interesting change, and I'm glad that it suddenly dawned on me that we had done it last year. In fact, in the north it was something of a cause. That's not a job that you would normally think of females applying for. It's a pretty risky job. It involves being taken into remote locations, being left under pretty tough conditions, heavy work, dangerous work—all those things appeal to these young ladies, and as far as I know we were very happy with them.

Another area where we have expanded the female input, albeit at a junior level, is the Junior Ranger program. The ratio still leans towards the male side, but a few years ago there were no females. I want to tell you, my staff tell me that when they were first told that there would be female Junior Rangers there was almost a revolution; "no way" type of thing. Yet, going around as I did last summer, to camp after camp after camp, talking to our superintendents and people on the job, without exception every one of them told me they had found the young ladies more amenable to discipline, more anxious to do their job, better Junior Rangers than they had found the young men to be.

Ms. Bryden: It shows how important it is to start changing attitudes.

Hon. F. S. Miller: The staff now are solidly on the side of female Junior Rangers as a program. Three or four years ago, I am convinced they would have argued just as vehemently that it was going to be a very difficult thing to institute.

Ms. Bryden: Do you have any up-to-date figures? I understand the 1976-77 report of the women Crown employees office is ready for publication but it has not been published. I don't know why. Do you have any more up-to-date figures that show any progress, such as in getting the number of women in the administrative module increased from the 15 that was reported?

Hon. F. S. Miller: I haven't got the figures here. Mr. Spry may have them.

Mr. Spry: No, I haven't either, Mr. Minister. I think the changes will be very gradual and very slow. We are pressing hard to accomplish this through the management-by-results program and other ways. We can certainly bring to Ms. Bryden the latest figures we have, which we submitted to the women Crown employees office, if she would be interested in seeing those. I don't think she will see any spectacular increase, though, in the numbers of female staff. It is something we have to work at steadily over quite a long period of time.

Ms. Bryden: We would just like to see some progress. I would appreciate receiving whatever figures are available, updating the ones that I read about the average pay and the percentage of women in the ministry; that is, the average pay as a proportion of the male average pay.

Mr. Chairman: Are you all through, Ms. Bryden? Mr. Lane, did you want to make a comment under vote 2401, item 1?

Mr. Lane: No, I was thinking you were ranging over items 1 to 9.

Mr. Chairman: No, we are going ahead with 2401, item 1 and so forth right down the line. Any further comment under main office?

Mr. Martel: I have one point, and I raise it under this because it is a main office decision which affected the Sudbury basin and which, as the minister is aware, was hotly resented by the regional council, by the Sudbury and district labour council, and by the working committee appointed by the government of Ontario. That was the drilling for uranium—

Hon. F. S. Miller: That's not under this item.

Mr. Martel: Let me just say why I wanted to bring it up here, because it is a policy decision, not reflective of mining per se, but in fact is a strict policy decision to allow someone to drill for uranium in a drinking watercourse.

Mr. Chairman: Mr. Martel, we're discussing the operations of the main office in Toronto.

Mr. Martel: That's right, and that's precisely what I am talking about.

Mr. Chairman: It's got nothing to do with the mining or forestry section until vote 2404. We just agreed to contain our remarks under that item and vote until the fifteenth hour.

Mr. Martel: Where is the decision reached then, if it's not in the main office, to allow this type of government policy to proceed?

Hon. F. S. Miller: I think, Mr. Chairman, in all honesty, if one took that approach to the decisions, certainly that decision came out of my main office, but you could argue that every other vote should be discussed under 2401-1 on that basis.

Mr. Martel: I thought you wanted to talk policy decisions under the main office,

Hon. F. S. Miller: No, no. I think you are looking at the kinds of things we are relating to administration rather than the policy decision. I welcome argument on that matter. Just because we don't share points of view doesn't mean I'm not prepared to be as unemotional as I can.

Mr. Martel: I've heard you.

Mr. Wildman: I would just like to know if it is in order for me to bring up, since the minister brought it up in his opening remarks, the moving of the northeastern regional office from Sault Ste. Marie to Sudbury.

Hon. F. S. Miller: That wouldn't be under head office, either.

Mr. Chairman: It could come under 2401, item 9, field administration.

Mr. Wildman: I thought it might come under that.

Since Ms. Bryden brought it up, is it now in order to bring up the whole question of casual staff, or would you prefer that to come somewhere else?

Hon. F. S. Miller: I don't know where the proper place is for that. Again, I would have to leave that up to guidance. Casual staff appear in every vote,

Mr. Wildman: Basically, what I wanted to bring up was the ministry's attitude towards it, and how they are operating on comple-

ment because of Management Board changes in policy. Where does that come?

Hon. F. S. Miller: Personnel.

Mr. Wildman: All right, I'll wait for that.

Item 1 agreed to.

On item 2; financial services:

Mr. T. P. Reid: Could the minister explain what we are getting for \$2,173,000?

Hon. F. S. Miller: Again I think for this we will refer to Mr. Spry, since financial services really fall directly under his aegis.

Mr. Spry: I don't know what can be said, Mr. Minister. All the normal financial operations are in that area—the receivables, the processing of cheques and vouchers, the handling of revenues from fish and wildlife, our methods and procedures operations to try to make our operation more effective and so on.

Mr. T. P. Reid: How many do you have on staff?

Mr. Spry: We are down to 104 now. We've been trying to move back if we can to a lower number in that area by increasing our computer programs. You'll notice the fairly substantial sum in there; actually one of the major increases in that area this year is to improve our computer system on financial reporting, which will give our managers the tools to do a better job in the control of their operations. We did have something in the neighbourhood of 160 people in that section only three or four years ago. So we are trying to tighten that one up as much as we possibly can.

Item 2 agreed to.

On item 3, supply and office services:

Mr. T. P. Reid: What does that encompass? Is that stationery? Is that everything for all the offices across the province?

Hon. F. S. Miller: Again, I have the information but I think with Mr. Spry here I would rather he describe it.

Mr. Spry: I guess the biggest single group would be the purchasing group. A lot of our purchasing activities take place in the regional offices, and really in the district offices too, but the central office purchases all items that are ministry-wide and also items for the staff here in Toronto. We have a records group in there; we have our accommodation and construction people in that area for the various capital projects that are under way; and we have our complete office services area which picks up just about everything under the sun. I don't think I could describe all the things they do.

Mr. T. P. Reid: But does this cover all the offices across the province?

Mr. Spry: It covers items pertaining to the ministry as a whole across the province but each regional office usually has a supply and office services person—not a group, I would say—and that person is involved in purchasing.

Mr. T. P. Reid: Do they purchase locally? That's what I'm getting at, Mr. Spry.

Mr. Spry: Yes, quite a lot of our material. We did have some figures last year. I haven't got them with me now, but it is a very large proportion. Mr. Armstrong is here from the purchasing area, perhaps he could hazard a guess at the proportion of our purchases which take place outside the main office; it is very significant. Are you able to produce anything like that, Bob?

[11:15]

Mr. R. E. Armstrong: Just taking a guesstimate, it would be about \$45 million. It's broken down into supply goods and then services. It's a very rough guesstimate, since it is done on a localized basis.

Mr. Spry: I am not sure what proportion of it is done in the field. Do you have that as a percentage?

Mr. R. E. Armstrong: Not by dollar volume.

Mr. Spry: By percentage of orders?

Mr. R. E. Armstrong: The percentage of purchase orders in the field is nine to one.

Hon. F. S. Miller: I have been very anxious to see more purchasing done locally, as I am sure members of your party have; and along with two or three other ministries—because at the present time certain ministries such as Transportation and Communications and, I suppose, Government Services to some degree, purchase on our behalf—we are working to see what other purchases can be directed, in certain areas, back to local vendors. As a small businessman myself, I think that is a vital part of the program.

Mr. T. P. Reid: Nine to one is not bad.

Hon. F. S. Miller: What we are saying though is that there are some very high dollar value items that are not purchased.

Mr. T. P. Reid: Especially equipment.

Hon. F. S. Miller: Yes, vehicles and things of that nature. Vehicles would be leased in the field. If you travel through the north, our ministry deals on a tender basis with local dealers and, in fact, there is a great variation. I am convinced that we get some awfully good buys on that basis through the north. As an old car dealer, I made a point

of asking those questions as we went from vehicle to vehicle, and I can tell you that with some of the rates we get, I don't know how the dealer breaks even.

Mr. T. P. Reid: You mean "old" car dealer.

Hon. F. S. Miller: The word "previous" may be more specific.

Item 3 agreed to.

On item 4, personnel services:

Mr. Wildman: I would like to return to the question of casual staff and complement. Last session during the estimates I raised the question of changes in Management Board policy from a complement in terms of numbers of staff to a total in dollars. The minister indicated that he thought that was a good change, and I agreed. It had led districts to put in estimated increases in staff, that is the number of people who had been on what I call permanent casual, and the number of people that various district managers felt should be hired permanently because they were carrying out a permanent function rather than a seasonal one. Last session I talked specifically about the northeastern region and I would like to do that now.

Last year I had the requested estimate for increases in staff—that is, 19 office staff, 10 support staff, 19 field staff, for a total of 48 in the northeastern region. I mentioned at that time that there appeared to be two people working in support functions, either in the office or in the maintenance of equipment and so on, to one person working in the field. I wonder if you can now tell me the position with respect to the requested 48 staff. What is the status now? How many extra people were hired for the various districts in the northeastern region, and of those people who were hired, how many of them are field people as opposed to people working in support functions?

Hon. F. S. Miller: I would need some clarification, and my staff might too. Of the 48, are you talking about people being changed in the category of employment or being added to the total number employed?

Mr. Wildman: These are positions which had previously been filled by people on a casual basis or a contract basis. They were being requested to become permanent. These are the total numbers requested by the various districts in the northeast. At that time the request had gone into Management Board, or at least to main office, for an increase of 48 in the northeastern region. Of that 48, 19 were office staff, 10 were support staff and 19 were field staff.

Mr. Szulc: Mr. Chairman, I can only partly answer this question. I am not aware of the figure of 48. The northeastern region, in its final request, asked for 70 positions; 66 were granted by Management Board for this particular purpose, for the northeastern region in December, and an additional four in February, for a total of 70.

At this moment, no change has yet occurred in the status of actual employees. This is the number of positions added to the northeastern region.

Mr. Wildman: The figures I have were earlier in the year, so there may have been extra positions requested. I'm glad to hear that. I understand some of those people have now become permanent. I know of a couple who have.

Mr. Szulc: Some of them may have bid in an open competition for a vacancy which occurred by somebody else leaving. As far as the 70 new positions, as of this morning only one was filled. The region is just starting to process those things and we don't have them yet.

Mr. Wildman: Maybe that's the fellow I'm talking about in Chapleau. Can you tell me the breakdown in terms of field staff as opposed to people working in maintenance of equipment or in the office in clerical positions?

Mr. Szulc: Unfortunately, I don't have those detailed data here with me and I wouldn't like to guess. I suspect the percentage ratio may be fairly large for support staff, as you call it, because that's where the biggest shortages occurred in the region. I can provide those figures later, if necessary.

Mr. Wildman: That would be useful. I agree that a lot of people working in a so-called casual position before were people in those kinds of positions, in maintenance and in clerical positions.

I mentioned last year that one of the problems that might arise is what happens now, with this change, if a district finds that with its increased complement—obviously, it's not going to need the number of casuals it was using before, which is the purpose of the whole thing—what happens if it finds there is still a need for extra help in terms of clerical work? Are they going to be able to hire casuals over and above this increased complement or are there going to be very severe strictures on that kind of hiring?

Mr. Szulc: Mr. Chairman, this is going a little beyond my knowledge of the total picture. I can only stress the personnel side of it. I'm not that aware of the budget side.

The change occurred simply within the ministry estimates, in other words, money which was provided prior to 1978-79 for so-called B salaries, for paying unclassified or seasonal staff, part of it was transferred from this purpose to pay for people now on regular staff. Right now, the northeastern region has an allotment of specific amounts for regular staff and seasonal staff. If they got 70 more people, an appropriate amount is added to regular salaries and this obviously reduces the amount of money left for unclassified staff.

Hon. F. S. Miller: We have certain problems in that area in all aspects of the employment picture. Certainly casual staff are going to be hired, but because of the determination of the government, we have to control the growth of the size of the civil service, both casual and permanent. We have some fairly stringent rules put on us by Management Board in terms of the salary components the ministry is allowed to include in its budget. I think Mr. Spry can talk to that, not necessarily on the spending in total of the ministry but the part we directly spend on salary, the reason being that it may be that we need five people doing a specific job and we would have liked to have hired them ourselves. Let's look at the maintenance of an office, keeping it clean, for example. We would probably be allowed to have the money to contract that cleaning but not necessarily the bodies within our own payroll component to do that cleaning. Is that a correct assessment, I hope?

Mr. Spry: Yes, Mr. Minister, that's right, and I might say at this point that the constraint which has been applied to this ministry in the salary area for the coming year is that we have to reduce our salary bill by \$3,200,000, whether it be for permanent staff or for unclassified staff. On top of that will come other pressures that relate to increments for which no extra provision has been made for reclassifications; there has been no provision made for funding for that.

In some of our expanded areas in the forest program, where there is a large sum of money being provided to increase their efforts there, only a very small amount of salary funding has been provided. Right across the government as a whole, a very strict control is being exercised on the total salary funding. So we will be required in many cases to privatize, as I think you said a minute ago, a number of our operations in order to meet our service requirements.

Mr. Wildman: Okay. That's just what I was getting to, because I've been informed

by the personnel people in the northeastern region that they are looking to privatization. My question is this, to use the minister's example, if you have a function such as cleaning an office, surely that's a permanent function—you are not going to do it occasionally, you are not just going to clean it in the winter and not do it in the summer or something—if that's the kind of function it is and your total dollars are limited, if you have this much for salaries, what difference does it make whether you hire a person permanently to do it or you contract it? You are still paying out that dollar. It still has to come out of your budget.

Mr. Spry: I think in most cases the cleaning of offices is done under contract now and one of the main reasons for that is that it is not always a full-time job, it's a part-time job. It sometimes is quite a bit more economical for us to hire a firm that has all the equipment and so on and access to the people to do that work for us than it is to actually place people on our staff even on a part-time basis.

Mr. Wildman: Okay. To use another example, I am not talking about hiring a firm that is contracting to do some kind of job for the ministry but actual contract employees who sign on on a contract for a certain length of time.

Hon. F. S. Miller: It could be counted as the same thing right now. A contract employee, in my understanding, would not be a way around this. The contracts have to be not with an employee but with an organization providing a service.

Mr. Wildman: All right, how can you explain this then? In the Kirkwood area in the Blind River district we have a situation where a number of heavy equipment operators have been working for a long period of time for the ministry on the so-called casual contract basis, with a layoff every year and then being rehired.

One individual, and this is the most extreme example, and I mentioned him last year, has worked for 20 years for the ministry. These people are normally laid off in the winter for two months or so. I guess it's going to be three months now. Are you going to a three-month layoff as a straight thing?

[11:30]

Mr. Spry: Nine months' employment for unclassified staff within a one-year period is the standard, but I'm not sure whether we're really talking about unclassified staff or whether we're talking about private entre-

preneurs. I think if we get into that area, perhaps Mr. Ringham might have a comment or two to add on that.

Mr. Wildman: Before you go ahead, let me give you this example. These gentlemen last year were laid off at Kirkwood and in the interim, during their layoff, another individual was hired as a casual to do maintenance on the ministry equipment they'd been using.

It seems to me that if there was maintenance work required, it's rather silly to lay off all the fellows who were working on that equipment and to hire somebody else to do the maintenance when at least one of those gentlemen was capable of doing the maintenance. It seems to me there's room there for one more permanent employee.

Mr. Martel: Then he'd get sick benefits and pension.

Mr. Wildman: I've got nothing against the fellow who was hired on to do the maintenance. He's a good chap and did a good job. But my question is why do you lay off somebody because his nine months is up and hire somebody else to do work that he could have been doing in that lay-off period; and then you lay that fellow off and rehire the first fellow?

Hon. F. S. Miller: You've made a couple of assumptions which may or may not be accurate. First, you assume that other people could have done it. That may not be true, if it's maintenance; it may be true; I suspect it is, so I'm not about to pick a fight on that point alone. Second, in going through and choosing these 771 positions—

Mr. Spry: I think it's 716.

Hon. F. S. Miller: Anyway, in choosing the 700-odd that we have reclassified into standard or full-time help, I'm sure a pretty serious attempt was made to eliminate the kind of thing you're describing.

Mr. Wildman: Yes, it was.

Hon. F. S. Miller: At the same time, I have to tell you both the restrictions on us and the appraisals of individual people in trying to decide which job was in fact full-time and which one wasn't, will obviously leave us with some examples that show we weren't perfect. I think all we can say is that when those kinds of specific examples come forward we're as anxious to get rid of them as you are, where we can do it. Rather than argue about whether our system is wrong or not, I'm glad to look at specific examples. But the principle remains that given its head, all governments tend to increase staff, and unless you put in some

pretty Draconian measures to control the employment of staff, almost everyone in government, from the minister down, can justify extra people. That's why we've got these kinds of rigid things which we mutter about under our breath a good many days in the week, but have to learn to live with.

Mr. Wildman: I raised this particular case with the personnel people in the north-eastern region and they've looked into it. Their reply was that as far as they were concerned, these kinds of functions, such as maintenance and so on, should be privatized.

Hon. F. S. Miller: Again, that may be so. I would argue that, whether it's Hydro or highways or direct transport or anybody else doing their own maintenance work with their own staff, very often they will have to have a pretty high volume before they can really justify doing things that can be sent out to specialty shops in an area. Again, that goes back to my own experience with the maintenance of, say, trucks. You put a person on salary in a shop and give him employment year-round and his productivity can drop pretty dramatically compared to, say, his work in a service organization specializing in truck repairs which is depending upon the maximum volume of business flowing through it.

Mr. Wildman: I might accept that, but I'd also say it seems to me the productivity will be tremendously lowered as well, or will certainly not increase, if a lot of the staff you're dependent on are people who do not get any benefits, who have no cause for loyalty to the ministry because they feel they aren't being treated fairly.

Hon. F. S. Miller: Let me just argue that. I suspect there will be cases when our casual staff will tell you they haven't been treated fairly. But I tell you, the competition to get a job as casual staff with our ministry in areas like my riding and your riding, versus the kind of casual jobs they could pick up with me or you as private business people, is pretty darn great.

Mr. Wildman: That's true. There aren't too many other jobs in my area.

Hon. F. S. Miller: Working conditions under Natural Resources have been such that we've had, I think, a very competent and loyal bunch of people working for us. Naturally, they'll always look towards better terms, but you ask most of them if they were better off working for the ministry than they were working for the local garage, and if they're being honest with you they'll tell you very quickly.

Mr. Wildman: No, I don't debate that.

Mr. Lane: Mr. Chairman, could I have a supplementary on the same problem? I know it has always been a view of mine that this is a very difficult thing to achieve, but the ministries could and should work together more. It seems to me the matter Mr. Wildman has raised here is a good one. Where equipment operators are being laid off because there's no work during the wintertime, it also means those big pieces of equipment are sitting idle, and we need roads built up there from Blind River to Elliot Lake via Granary Lake.

Hon. F. S. Miller: Or Killarney to Whitefish Falls?

Mr. Wildman: Yes, that's right.

Mr. Lane: As that's going to be under study, maybe I shouldn't raise that one. It just seems to me we could provide more full-time employment, get better returns out of our investment and equipment and men if we could interrelate with other ministries requiring jobs done by heavy equipment operators and their equipment during the off season. Really, a lot of this work could be done in the wintertime.

Hon. F. S. Miller: Yes, I think the other aspect of that is, first of all, should we have been doing some of those jobs ourselves at all or should we have been using the money to see that the jobs were done through people who could be jockeying their contracts from ministry to ministry and providing year-round employment for people.

My big problem is to get, as I said to somebody yesterday, water out of the end of the pipe. I am interested in the delivery of services in this ministry, not the provision of jobs between me and the delivery of those services.

Governments tend, through their very nature, to concentrate a lot of people in the positions that do planning, thinking, book-keeping and organizing, and under times of constraint to keep all those on, while letting the delivery end drop off as the variable that can be controlled. I've got to tell you that some of the moves we're taking are directed at making sure the dollars go out to contractors who are providing a service which government was set up to provide, rather than focusing on the in-between planning and managerial functions which tend to be insulated from the overall system.

Mr. Lane: I support that concept, really. I think it's more likely we're going to have a better effort at production if we're doing it that way than if we're doing it with each minister with his own staff, his own people and his own equipment. But I say if we're

going to have the equipment and we're going to have the equipment operators, maybe we should be interchanging our services with some other ministries.

Mr. Wildman: That's a good point.

Hon. F. S. Miller: I think Northern Affairs is taking a pretty good role in that kind of thing, in the sense that it is looking at overall priorities. It is starting to see the thing more from a total point of view rather than the way in which individual ministries look upon their problems. Every minister who's given a specific duty realizes he suffers from tunnel vision after a while. I see all my problems and don't necessarily want to understand my neighbour's.

Mr. Martel: On the subject of shifting work forces: at the 2001 Conference, I don't know if you heard the representative of the Steelworkers say that in fact they're sharing work forces. When one plant is shut down, they're actually moving into another heavy industry in order to keep people from becoming unemployed.

Hon. F. S. Miller: I was in another country recently that does the same thing. When the sugar needs to be cut, fellows, you stop making light bulbs and you cut sugar.

Mr. Martel: You didn't use the machete yourself, though? For a half-day?

Hon. F. S. Miller: Just on my throat.

Mr. Wildman: Mr. Chairman, I have some questions about staffing in Lake Superior Provincial Park but I would imagine that would be better to leave until a later vote.

I have one other question in regard to personnel services overall. Can you tell me how many districts in Ontario are without district managers and just have people acting as district managers? I can use one specific example in my area in Wawa—Mr. Alton, who was the district manager and was promoted to the office down here, just at the time of your last estimates. As a matter of fact, he answered some questions in regard to Wawa district during the estimates last year. Since that time, no one has been appointed to replace him. One of the other officials in the district office has been acting as the manager since.

Hon. F. S. Miller: First, the signals I am getting from the back, if I have interpreted them correctly, tell me there are now no empty positions for district managers, including Wawa.

Mr. Wildman: Has someone just been appointed to Wawa?

Mr. Ringham: Bill Straight, on April 1.

Mr. Wildman: Oh, April 1? I saw him last week and he never said anything to me about that.

Mr. Martel: He hasn't received his letter yet.

Hon. F. S. Miller: The other thing was, this, and I think it should be explained, the reorganization that was going on, what we call the management improvement program within the ministry. We talked about that briefly in the last estimates, because it was just beginning, and a little more in my comments yesterday.

To give my deputy and the assistant deputy ministers a great deal of credit, they knew over the months from April to November that we would need to have some spare positions available to offer to the people whose positions were disappearing through the changes described in my opening statement. For example, the regional director northeastern region left and went with the Ontario Mining Association. In my region, the director took ill and took early retirement.

These positions remained open for several months when normally they would not have simply because they were part of the overall change and we were able to offer attractive positions to those people whose positions were becoming redundant. That was the major explanation for a temporary lull, you might say, in some of the position-filling.

Mr. Wildman: I am glad to hear that Bill will not have to move to Sudbury now and he can move to Wawa instead.

Mr. Riddell: Can I have a supplementary on that? Is it your policy to move district managers from one region to another after they have served in an area for a period of time? In my area, Dan Mansell, who was the regional manager in Wingham, was moved to the Huronia district in Midhurst, I believe. I believe Tim Mallard is the acting manager at the present time. Maybe he is the full-fledged manager by this time, but Dan was doing a good job. If he requested the move, more power to him.

I also know that shortly before his move there was a hearing where Dan and his group were defeated in their efforts to keep a drain in my area from being cleaned out because they said it was a natural habitat for a certain species of fish. I happened to attend that hearing and Dan and his group lost out. The township won that particular case and shortly afterwards I heard that Dan was moved into the Huronia area. I would hope this would have no bearing on it whatsoever, but if he requested the move, if he

has gone with the salary promotion, broader challenges and what have you, then I am prepared to go along with it.

Hon. F. S. Miller: He was slightly closer to heaven, because I only live 50 miles from there. However, I would ask my assistant deputy minister for the southern region, Bill Foster, to make any comments after I have made a brief one. That is, I don't think there are any rigid rules about automatic transfers. We have been, in so far as I can see, a ministry that has a lot of movement of staff from place to place, sometimes on a bidding basis and sometimes on an involuntary basis, in the sense that we need somebody elsewhere.

I have no ideas about the specifics of Mr. Mansell. I was aware that in the series of postings that came out about March 31, if I recall, he was changed to Midhurst. That was just one of about 40 changes on that particular day that resulted from, let's say, shift two in the management improvement program. Bill, you might want to make some comments on the generalities of the question. [11:45]

Mr. Riddell: Well, he sent me a letter and he indicated, "I can't help but feel a twinge of regret in leaving behind the fond memories of working in the Wingham district," I just wonder about it.

Hon. F. S. Miller: I left Health with twinges of regret too but that doesn't mean the new challenge—

Mr. T. P. Reid: Your staff didn't feel that way.

Hon. F. S. Miller: No, I know that, but the new experience here has proven to be very rewarding and I am sure Mr. Mansell will get his reward.

Mr. Riddell: Mr. Minister, I can tell you you would be far more welcome in Clinton under your new portfolio than you were under your former one.

Mr. Foster: Mr. Chairman, Mr. Mansell had been in the posting at Wingham for five years. He was recognized as doing a good job there. He had also indicated that if there was an opportunity to move, he would appreciate the chance of being considered. The transfer to Huronia was one that would give him a little more challenge, a greater range of responsibilities and part of his career development.

Mr. Wildman: I just want to ask about the management reorganization. I have noticed that Bill Straight has come from the regional office and he is now going into a district manager's job. Is this an attempt to

perhaps get people out of the more centralized offices? Is it a conscious attempt through out the ministry to get people out into the field?

Hon. F. S. Miller: Yes it is. As a matter of fact, I think my opening statement made some reference to about 20 per cent of the head office staff being moved back into the field over the next few years. We are, I believe, the most decentralized ministry in government now. MTC might argue with us about that. We see, for example, one of the things that you are going to talk about, the fire centre going to the Sault. I think you said you wanted to refer to that later on. That kind of move is logical—interestingly enough, with minor exceptions, almost totally welcomed by the staff. I have a staff who are not great admirers of the Metropolitan Toronto area.

Mr. Wildman: Without trying to mess things up and get off the right track here, I would just like to point out that although people in the fire branch seem to be quite happy about the move to the Sault there are a number of people in the regional office in the Sault who are not that happy about moving to Sudbury.

Hon. F. S. Miller: Yes, can I just answer that and say obviously they aren't but look back again at what we are trying to achieve. We only had two regional offices that were split in half: Sudbury-Sault and Cochrane-Timmins. They were created that way in 1972 after listening to both the local arguments for the need of service and the administrative arguments about the convenience of one location.

When one estimated the man-hours lost and the costs of people shuttling back and forth between two parts of what effectively was one office, and realized that meant costs to the taxpayer without any benefit, I think we would have been open to a lot of criticism not to have made the change to Sudbury.

Mr. Wildman: Okay, I won't debate that. I just think it was a rather unwise move in the first place to move to the Sault if that was your thinking and perhaps it had a little too much to do with politics.

Hon. F. S. Miller: Obviously, we are admitting it didn't work.

Mr. Wildman: Okay, I have no further questions on that, except that I would like to comment that I would be interested in finding out who is going to be given the job of figuring out whether or not we have winter fishing now that Bill Straight is going to Wawa.

Hon. F. S. Miller: That can come under the fishing vote, but I need your support when we get to that kind of an item.

Mr. Riddell: I have just a couple of brief questions. First of all, what educational background do most of your senior civil service staff have? Do most of them hold a Bachelor of Science degree in forestry or wildlife management?

Hon. F. S. Miller: I guess it depends on how senior you want to go. Are you thinking of district managers, for example?

Mr. Riddell: Start from there and go on up. What about your deputy minister?

Hon. F. S. Miller: My deputy minister is a biologist, a PhD in biology, and I think he specialized in animal studies if I am not wrong—in fact I can almost remember the Latin term. He studied a European hare or something of that nature. I think my three assistant deputy ministers are all BScFs, aren't you?

From that point on, we would get to the executive co-ordinator level. I would suspect Mr. Spry, who is sitting beside me and came to us from Education, would have credentials that are in the accounting and finance area.

Mr. Spry: A B.Comm., CA.

Hon. F. S. Miller: I think my executive co-ordinator for outdoor recreation is a forester. My executive co-ordinator for the mines area is a mining engineer. My executive co-ordinator of lands is a forester if I am not wrong. Now which division have I missed?

Mr. T. P. Reid: The only one who isn't qualified is the minister.

Hon. F. S. Miller: I am an engineer and as I have pointed out to my staff there is nothing better than an engineer.

Mr. Riddell: Talking to some of the field personnel, they sometimes wonder, with some of the directives that are handed down, just how knowledgeable some of your Toronto staff are in forestry and other matters—so that's the reason I asked.

Hon. F. S. Miller: Let me suggest to you, after the three-day conference in Thunder Bay and listening to my son who is a junior engineer in a major company, I think it is more a function of the distance between the guy on a job and the guy at the top than that their basic training was. There is a change in attitudes as you become an administrator rather than a professional working with your particular skill. I think it's a problem we have to attack with some zest, because if the administrators are right, then

the people on the firing line need to know. If they are wrong, they have to be heard.

I think we have tried to be fairly open in that kind of reaction. Our ministry staff are allowed, in spite of what the press may have said, pretty real freedom to enter into comments locally and to call the office and tell the minister's office or the ADM's office what's going on and what they think is wrong.

I didn't, for example, in Thunder Bay notice much blushing or fear to tell us what they thought about, say, the B salary categories or the way foresters are paid, or the red tape, or what they considered as the insensitivity of the top staff to what they think of as real forestry problems. Those things all came out very openly. I would suggest it was a healthy exchange. It tends to get around—this feeling that the guy up top either doesn't hear or doesn't understand. But I suspect when they get there, the new group are going to say they don't either hear or understand.

Mr. Riddell: One last point, to try to justify the \$5,000 expenditure for the parliamentary assistant, I am just wondering what responsibilities do you give the parliamentary assistant.

Mr. T. P. Reid: Have you ever heard him make a speech? He's entertainment value.

Mr. Riddell: Is this the prime purpose of having a parliamentary assistant? To send him around the country to speak at meetings on your behalf if you can't make it or—

Hon. F. S. Miller: I guess each minister treats his parliamentary assistant in a different way.

Mr. T. P. Reid: It's sort of like being vice-president of the United States.

Hon. F. S. Miller: No, it isn't in this case. I was made a parliamentary assistant very close to the first round of their creation. That was in the fall of 1972 and I guess the first ones were created in early 1972. The position didn't exist before then—

Mr. Riddell: In no ministry?

Hon. F. S. Miller: In any ministry before 1972 or the late fall of 1971. I think John Rhodes and Arthur Meen, if I recall correctly, were the first two parliamentary assistants appointed in government. I believe John Rhodes came into Natural Resources and Arthur Meen went into the Treasurer's office.

Mr. McNeil: Claude Bennett?

Hon. F. S. Miller: I thought he was a Minister without Portfolio. Was he a PA first? In any case, I know when I went to Health as the first PA for Health, no one

knew what I was there for, including the minister—and I didn't. I am being perfectly honest with you. So after the first week or two or three of getting used to which direction to go in the morning and meeting staff, I asked if I could write a job description. I think that's part of my engineering training—that you generally had such a thing.

I went and wrote one and suggested to the minister that he needed somebody who could talk to members with more freedom, more time, than he could, ministers being reasonably busy with meetings with delegations. Could I look after, say, OHIP problems that came through members? Could I expand into a couple of fields that interested me—ambulances and nursing homes? He said yes, and those became my duties. They became refined a bit. They were turned over to Gordon Walker, over to Doug Wiseman and now over to John Turner. Each of those chaps has had very specific responsibilities and almost complete freedom to make decisions in certain areas. They simply check with the minister in that ministry and see what's happening.

When I came to Natural Resources, my parliamentary assistant was doing the kinds of things you are talking about—that is meeting some delegations, giving some speeches and appearing on behalf of the minister. I suggested that perhaps I should give him a specific operating responsibility and that would be the conservation authorities. He, as my parliamentary assistant, because there are some 38 of them in the province—would be able to deal with and give them the time they deserve. Some of them saw it just the opposite, by the way. But he could get into their problems in a detail that I would not have the time to do. He assumed that role and he does handle most of the conservation matters for me, and of course some will surface that haven't been resolved.

Mr. Riddell: We have constituency problems that we might well direct to the parliamentary assistant. Could we expect to get the same kind of action that we might get if we were to direct them directly to you?

Hon. F. S. Miller: He hasn't been as active in my ministry on the private member's constituency problems because the ministry itself had a pretty good setup before he came along for that kind of mechanism. I would suggest there are two people within the ministry who have been very good that way over the years. One is Paul Coghill. I am sure every member who's been around for some time has talked to Paul on a matter that relates to the member—a Junior Ranger pro-

gram, issuing of a hunting licence or whatever it may be.

Mr. T. P. Reid: Not since yesterday.

Hon. F. S. Miller: The other one is Linda Munro, my exec, who has handled many of these things. I think because those two were handling them well, Paul Yakabuski therefore hasn't been as involved in that as perhaps I was in Health. That's just a function of the ministry rather than of the issue.

Mr. Riddell: If I get problems regarding renewal of leases, say up in the Algonquin area, or another one I brought to your attention whereby an Indian band was going to be allowed to establish in part of the country connected with some lake in northern Ontario, I directed a letter to you. But I could have got the same answer had I sent it to the parliamentary assistant, could I?

Hon. F. S. Miller: You didn't listen to me. I said in this ministry Paul Coghill and Linda Munro have been effectively handling that kind of thing. But if you send it to me, they handle it.

Mr. Riddell: Right. So the parliamentary assistant is simply going to turn it over to them the same as you would?

Hon. F. S. Miller: Oh, no. He would have his own resources. In Health, I had quite separate resources and didn't go through the minister's office. Those things he deals with don't come back to those people.

Ms. Bryden: I just have a question, Mr. Chairman. It is with regard to the contracting policy rather than to contract employees. I have a feeling, Mr. Minister, that in the Treasurer's mad rush to balance his budget by cutting your payroll by \$3.1 million he's not really saving that much money. He is simply forcing you to provide the services in another way, namely by privatizing as many as possible. Incidentally, it makes his figures on reducing the number of employees in the public service look better. But presumably many of the services are still being provided.

Since privatization adds a new cost, namely profit, then if there are savings to be made from this procedure, there are only three ways they could be made. One is greater efficiency, and I think the minister has mentioned that there are some services that can be done more efficiently by large outside bodies rather than trying to maintain a minute operation in a ministry. I think we should be looking at that in all activities.

[12:00]

The other possibilities for savings are poorer services, intermittent services—perhaps only part of the year or different hours—different quality of service and finally, the possibility of exploitation of workers. That's something we have to look at very carefully if we are going for privatization and use contracting firms. A lot of these firms rely on casual workers, immigrant workers, workers who don't have much bargaining power. They may provide very low wages and very few benefits and very intermittent work. That means that instead of people in this province having year-round jobs and some opportunity to buy houses and build families, they're constantly facing layoffs and constantly having to go on unemployment insurance and welfare, which the rest of us pay for. In effect, we carry part of the costs of those firms.

Does the minister have any fair wage policy or fair employer policy in choosing contracting firms so that he would perhaps confine himself to firms which maintain at least the minimum working conditions he considers necessary and adequate for his own ministry employees in similar occupations, particularly with regard to wages and holiday and sick pay and benefits of that sort?

Hon. F. S. Miller: At the risk of being controversial, I'd suggest we are on a topic where you and I may never see eye to eye. I have a great belief in the free enterprise system and the word "profit." You said it was an added cost. I just wonder when my friends in the NDP will ever understand that profit is what keeps costs down, not what inflates costs.

I used to teach mathematics and I can tell you that profit is the one variable you can add to the cost side of an equation which makes it come out to be less than the equation is before you add it. Profit is the control on the other variables such as labour, materials, et cetera. All the experiments around the world that have tried to eliminate that in the interests of greater efficiency have resulted in greater bureaucracy, hidden costs and higher fixed costs to the taxpayer. I simply can't accept the fact that profit is a cost. It's the control that we should strive for, and recognize as the control.

Until you run your own business, until you have to face these things, I don't expect any agreement. Even some people who have been members of your party have recognized, once they've done it, that the system isn't as bad as it appears to be. We are not really exploiting labour by the transfer of the contract from government. We're giving

ourselves a flexibility which we need and the provision of services in a more efficient way. We're giving government itself—an instrument which has been shown around the world in every form it's ever taken to be dreadfully cumbersome—more flexibility than it would otherwise have.

Mr. Riddell: Stay away from the farming business because there's where you learn all about high cost and no profit.

Hon. F. S. Miller: I can safely say that. I have a farming son and I'm always hearing what the problems are of a milk producer in the province.

Ms. Bryden: Let's not get into a philosophical argument. I'm really asking whether, in evaluating the firms to which you're going to give your business, you look at the wages and working conditions offered to see whether they are humane and adequate and possibly providing the kind of career jobs we want Ontarians to have.

Hon. F. S. Miller: No.

Mr. Wildman: Would the minister agree that very low wages and poor working conditions could add to profit?

Hon. F. S. Miller: Yes, I do agree. I would also say that the forces against them these days in the form of the employee—in the alternatives open to the employee—don't let too many employers who are not good employers get away with it for long.

If anything was shown in Sudbury the other day, it was a recognition by all the elements at that meeting that this society can't go on demanding more for its services than it is earning. Any payment in excess of productivity is kidding yourself and putting you out of world markets.

Ms. Bryden: That applies to excessive profits, too.

Mr. T. P. Reid: With regard to personnel, I just want to bring up a long standing problem about the town of Rainy River and we will get into some of the particular problems there. But you don't have sufficient staff in Rainy River and one of your COs was recently moved into Fort Frances.

At Rainy River you are covering a large part of Lake of the Woods where the Americans come over quite freely in their fishing boats to go hunting. There isn't sufficient conservation staff from your ministry there to deal with them, let alone deal with the Canadian anglers and hunters. Unfortunately, the incidence of moonlighting in the Rainy River district is among the highest in the entire province. When you add the Americans coming over on top of that, it seems to

me more personnel are required at that end of the district.

We have talked about this off and on over the years and I am sorry Mr. Ringham had to slip out, but I wondered if the minister had any comments.

I appreciate the fact that complement has been frozen and it is difficult, but it seems to me because of the vast area that has to be covered more people are needed there.

Hon. F. S. Miller: First, the problem is a very real one. I am not even sure what our legal grounds are for some of the actions. I was trying to sort that out. With respect to the American boats crossing the international border and fishing in our waters, it seems to me I was told they were international waters, and as long as they didn't touch on our side they were legal.

The fact that people in those instances—whether they are Canadians or Americans—I guess they utilize it both ways, but mostly Americans I am told—whether they stick to the fishing limits or not, whether they go back and deposit their catch and come back out again so they can appear to have stayed within the law, are all moot points. We suspect there is a good deal of abuse going on. So we are very concerned with it.

Mr. T. P. Reid: We will get into that argument, that whole story. I am looking for more people at Rainy River.

Hon. F. S. Miller: I could say safely the argument can be applied to almost every area when it comes to conservation, although perhaps your area has a more difficult problem than others. It is one where you have very mixed feelings. If I doubled the number of conservation officers I don't know whether we would cut down the infractions materially or not. I certainly hear about a lot of people getting caught who are always innocent.

Mr. T. P. Reid: Could I just ask you to review it once again?

Hon. F. S. Miller: Sure.

Mr. T. P. Reid: Thank you.

Mr. Wildman: Is there any way you can tell us the average territory a CO has to cover in northern Ontario?

Hon. F. S. Miller: No, I don't know that I could begin to. I suppose one could take the square miles and divide by the COs but I am not sure it would mean too much.

Mr. Wildman: All right then, do it by district. If you take the Algoma district and the number of COs in the various—

Hon. F. S. Miller: Again, I am sure we can get you a statistic and that is not the issue.

Mr. Wildman: I understand that.

Hon. F. S. Miller: The question is, where are the people fishing, and are you covering the areas where the infractions are likely to occur? Again, I am not about to defend the position that the number of COs we have out are enough by our standards or by anybody else's. They are all I can get, that is what it boils down to.

Mr. Wildman: I have been told by COs that if they catch somebody it is pure luck, because they have such a wide area to cover they don't have the opportunity to look at what is being done in the field. Also, the amount of office work they have limits the amount of time they are out.

Hon. F. S. Miller: Isn't that true of all enforcement? The OPP will give you the same arguments. The real question is what level of enforcement is necessary to achieve our goals.

I am not really anxious to prosecute people, although this will come up under another vote. I am anxious to see that good management of the wildlife and fish resources takes place. If prosecuting is the only route one goes, fine.

I have stressed to my COs on the few occasions I have had a chance to talk to them in groups that an educational process is as important to me as taking them to court, if there are reasonable grounds to believe that an innocent infraction has occurred. On the other hand, where somebody obviously is breaking the law with intent and with malice, that is the time to prosecute. I don't have the kind of thing somebody implied about highway inspectors the other day. I am not anxious to have a quota on prosecutions. I am interested in improving the adherence of the public to good hunting and fishing practice.

Mr. Wildman: I would agree with that, but the problem is that there are a lot of people I know who are hunters and fishermen who have never seen a CO when they are out, and they go year after year. I am not interested in prosecutions, but it would be nice if we had enough COs in the field who could visit hunters and fishermen and talk to them, just to be in the area and have a presence. That is true of the OPP too, for that matter.

Hon. F. S. Miller: It is interesting. I listen in on the MNR waveband because a lot of the COs' chatter goes on across there when

I am travelling around the province. You will hear the infractions being called in, and one of the best sources of information—if I am able to judge—are people who see infractions. They are concerned enough to say, "We would like you to get a conservation officer out to our area because there is a dog running a deer," or, "we think there's somebody poaching." I'll go up and down Highway 11 and listen to the Huronia area chattering about this. Just on Monday an officer was being directed very specifically to a scene where a neighbour alleged an infraction was taking place. He was being told which gate to turn in as he was going down the road and obviously it was a telephone-to-radio conversation.

That kind of attitude helps a lot too in an undermanned area. It doesn't mean you will always get one when you call, but it helps a great deal when an aware public is willing to help in the enforcement of a law, whether it is criminal or whether it is the control of fish and game.

Mr. Wildman: I would like to serve notice that when we get to forestry I would like you, if it is possible, to give me a figure on how many acres the average unit forester is—

Hon. F. S. Miller: We had a figure on that. In fact, I am pretty sure that we can just go back into our records and pull it forward when you need it.

Mr. Foulds: I just wanted to touch briefly on one aspect of personnel as it came up at the Thunder Bay conference with regard to regeneration. I would remind the minister by reading one quotation from one of the papers presented and ask for his comments on it.

The quotation is: "There is another part of provincial staffing policies that will seriously affect our ability to deliver the goods." Delivering the goods means closing the regeneration gap in this context. "It is the provincial policy that casual staff cannot be hired longer than nine months during any 2 month period.

"The staff we use as casuials are not labourers, but trained technicians and professionals. This region in the past depended heavily on the staff. Fifty per cent of our technical man-years of work was done by casuials on the old nine months, five weeks system. These staff become the backbone of our recruiting reservoir, as well as getting the job done.

"The new approach will make it very difficult to keep these individuals available to us. We will be spending a disproportionate amount of time in staff training, for we will

always require far more staff than will be approved as regular complement."

How can you overcome that problem?

Hon. F. S. Miller: I don't know. I can only say that the very purpose of the conference was to highlight those kind of problems and let us tackle them. There is a good deal of sympathy within my staff to see that the government rules permit them to offer the kind of guarantees that the people with this professional training feel, and I think properly feel, they need.

Maybe a giant step forward has been taken this year with the 700-odd that have been reclassified for permanent purposes. I don't pretend that is the answer. I simply say that is a point that was highlighted by a series of papers on that day, not just one, and again, I say, in public because we were not trying to hide the staff's feeling. In fact we're charged with trying to see if we can act on behalf of that group with the other agencies of government, setting the rules where we think special conditions apply to our ministry.

[12:15]

The other side of the equation is that if, as and when a transfer of the regeneration responsibility occurs, giving it to industry, then the logical pool of staff will be mainly within the ministry. Industries already admit they don't have them; they would like skilled people. I can see the present policy of complement reductions, while having dollars for regeneration, actually assisting a relatively orderly transition from ministry to industry. This is because we may have funds available to contract for these very people through the industries which will be assuming regeneration responsibilities in the future.

Mr. Foulds: But isn't one of the problems that you face in doing that the agreements companies have with their staff at the present time involve a higher cost per hour?

Hon. F. S. Miller: Yes, but that's not for the people you are talking about—the professionals—

Mr. Foulds: No, no.

Hon. F. S. Miller: It certainly was true—at least, comments to this effect were made by the industry people—that they were paying more than we were. I am intrigued at that comment. That was because they were talking about unionized employees on a full-time basis versus casuials who were not. The solution to that is not yet found. I can tell you one thing that we have done since that conference—we have contacted, in Thunder

Bay I believe it was, the head of the forest and pulp workers unions—

Mr. Foulds: Lumber and Sawmill—

Hon. F. S. Miller: Yes—and have recommended that they be aware of the plans of government so that we have labour's input into the discussions, so we aren't springing something on them which they will know all about unofficially but not officially. Therefore, we were asking that they become involved in the discussions and talk to Professor Armson and Jim Lockwood, go over the plans, so that we could get their attitudes on them.

Mr. Foulds: To revert to the original point of the quotation, surely when you have that much of the work, 50 per cent of the technical man-years done by casuals, your efficiency in regeneration will drop if you can't hold those people, if you can't continue to draw on them. You say at this point you have no solution to that particular problem.

Hon. F. S. Miller: I think what I would need to see, and I can't answer today, is what this current reclassification has done to that group.

Mr. Foulds: I see.

Hon. F. S. Miller: I don't know the answer and I really don't want to guess at it.

Mr. Wildman: Two years ago, Dr. Reynolds stated that the ministry could not operate on the nine-month on, three-month off basis. He said it would mean there would be fewer people staying on and it would mean a lot of retraining and cost in those terms and so on. He said at that time that the ministry was approaching Management Board expressing their concerns about the whole thing. What has come of that?

Hon. F. S. Miller: We talked about 717 or 716, or whatever the number is—

Mr. Wildman: Yes, but we also stated that perhaps even twice as many, on a two-to-one basis, are support people, not people working in the field—not technicians.

Hon. F. S. Miller: Okay. I am not proposing that I have found all the solutions. Let me suggest to you that as minister I am keenly aware of some of the problems.

Item 4 agreed to.

Item 5 agreed to.

On item 6, analysis, research and planning:

Hon. F. S. Miller: May I make a comment before Mr. Wildman? This vote last time, if you recall, got into quite a hassle about what the definition of the term "research" was.

An hon. member: Did you tell them?

Hon. F. S. Miller: I think I need to ask somebody. It's not the kind of research into forest management techniques, et cetera, it was assumed to be. I'd almost have to go back.

Mr. Wildman: It says in your background material that this is the development of long-term plans.

Hon. F. S. Miller: Let me just let my staff try to clear it so that I don't foul the air or waters.

Mr. Spry: I am not sure, Mr. Minister, that I can add a great deal to it. What we said last time was that the term "research" was in here because this was the kind of heading that Management Board wanted us to use for these types of expenditures. But, basically, it's two groups of people, the program analysis people and a policy secretariat that is co-ordinating the policy activities of the ministry. It is not basically a research unit in any sense of the word.

Mr. Wildman: It's more scientific?

Mr. Spry: Yes, that's right. The research is in the other two votes, primarily, in the outdoor recreation vote and the forest vote, by and large, and to some extent, in mines. But that's really about all we can say, Mr. Chairman.

Mr. Riddell: Why does research have to be used then at all?

Mr. Foulds: In the Management Board area.

Mr. Spry: We made a very concerted effort this time to have that word removed, but we were unsuccessful.

Hon. F. S. Miller: The various connotations of the word "research" I think, is where we get into trouble.

Mr. Wildman: Can you explain a little more what is meant by development of long-term plans then? And what kind of planning?

Mr. Spry: I think Mr. Herridge might talk on the planning aspect, Mr. Minister, rather than I.

Hon. F. S. Miller: Mr. Herridge is chairing a committee which has come into existence since the last round of estimates and which he may wish to explain and relate to this research project.

Mr. Herridge: The type of planning that is referred to in the question raised by Mr. Wildman touches on the work we're doing in attempting to clarify both the existing and long-term policies that would be appropriate within the ministry to cope with the cir-

circumstances as they will evolve in the months and years ahead.

It's planning, not in the context of planning strategic land-use planning, nor planning for the future of the forest industry or that type of thing. It's rather the planning for policies that are more structural, the type of legislation that we should have and that type of planning.

Mr. Wildman: All right. I think then I was going to bring up the full question of Crown land for recreational lots.

Hon. F. S. Miller: That will come under one of the votes on land.

Mr. Wildman: Okay. That's not a part of your policy plan. Can you give us some direction as to what does come under this?

Hon. F. S. Miller: I think Miss Mogford's department, for example, comes under this. I'm not sure she's here at the moment but that's our policy secretariat which, in effect, helps prepare for presentation to me and, after I've seen and either approved or varied it for presentation, to the various stages of cabinet, the ministry's position that may have evolved in the operational areas of the ministry. That's one function. They bring them together. In effect, they also liaise, I guess, with the policy secretariat.

Mr. Wildman: What do you mean by operational area?

Hon. F. S. Miller: The four, five or six executive co-ordinators who have direct responsibilities.

Mr. Wildman: Okay. Why doesn't the proposed policy for changes in Crown land from leasing to possible sale not come under this? Surely, that's a part of your long-term planning.

Hon. F. S. Miller: Okay, I'm not going to argue whether it should or shouldn't because, in fact, the paper for its discussion would certainly pass through the group whose money is voted here. I would point out to you that they would probably not be the initiators of the contents of that paper but rather, in effect, the editors and secretaries who attend the meetings and co-ordinate the points of view and, in effect, draft the final presentations that I see or that I take to cabinet.

But the land section of the ministry has been charged with preparing the policy you're referring to. It has come through this group, up to me and will be going on once I've had a chance to appraise it.

Item 6 agreed to.

On item 7, legal services:

Mr. Foulds: I just have one quick question. Does this involve the hiring of lawyers for prosecutions?

Hon. F. S. Miller: Somebody will have to help me in this because I'm never sure what the Ministry of the Attorney General pays for in our legal services and what we pay for.

Mr. Spry: We pay very little on our side for the services that are provided by the Ministry of the Attorney General itself. There may be the odd case where we do, but we don't really have any funds to conduct any major cases like that.

Hon. F. S. Miller: So they would come under the Attorney General's budget?

Mr. Spry: Yes.

Mr. Foulds: Is this then for legal advice in drafting legislation?

Mr. Spry: We have a legal services branch, and one of their main chores is legislation, but on any matter involving the legislation they may be asked for an opinion and they will provide it to the minister or others who require it. The Mining and Lands Commissioner's operation is under here as well.

Mr. Mackenzie: How many lawyers would be employed?

Mr. Spry: I've forgotten whether there is six or seven. I keep losing track, but it's either six or seven.

Hon. F. S. Miller: For your information, I've only got two ministries to compare, but the amount of legal work involved in this ministry far exceeds the amount I saw in the last one since we are dealing with land and with contracts and leases relating to land. It takes two briefcases to go home with the day's signing most days.

Mr. Foulds: For legal agreements?

Hon. F. S. Miller: Yes. I'm consciously trying to remove that from my signing authority, as my staff know. I question whether I add much, for example, to a Crown timber licence for 0.8 square miles and which, in effect, was the decision of the district manager. If one's talking about the paper backlog, that's an area that I'm currently working on to see if my signature really means anything outside of the legal requirement in the Act to have it there. If that's the only reason for it, then it's time I looked at the Act and brought in an amendment to say other people who have the discretion at the local level should be signing this and be held accountable.

Mr. Foulds: Lorne Henderson's having trouble with his bill which has that.

Mr. Wildman: Would water power lease agreements come under this vote?

Hon. F. S. Miller: They would come under the vote on land, I guess.

Item 7 agreed to.

Item 8 agreed to.

On item 9, field administration:

Mr. Riddell: How do you account for the rather substantial increase in field administration? I don't know what your actual was for 1977-78, but there's a difference of almost \$2 million between the estimated amount for 1977-78 and 1978-79.

Hon. F. S. Miller: The difference is \$1,851,000. Do you want to explain this, Doug?

Mr. Spry: There are three rather large items in there. One of them is staff moving expenses; that appears under footnote B(2), under the \$615,600. There's about \$500,000 in there involved in two problems. One is the increasing impact of the housing arrangement; when you sell your house, certain things can take place and the government will assist you in selling it. This has created a very large extra charge for each ministry involved.

The second item is partly related to our management improvement plan, where more people are being moved. The whole shift from Toronto to Sault Ste. Marie would have an impact on this one.

There are two or three other small items. There are some new offices that have opened and there will be ongoing expenses for those. Also, some of the computer and tele-

phone systems have been reorganized and rearranged. But the big piece of money there is staff moving expenses.

In the other figure, the transfers between activities, there are two figures in there. There is \$120,000, which has been moved out of what we call administrative services—it's under the supplies and services vote here—to the field so that they're administering a larger part of their supply budget. You'll notice, I think, if you look back, that there is a reduction in the supplies and service estimate.

[12:30]

The balance of the transfer is an effort on our part to make the charges to administration more accurate. That is, during the year when certain things have had to be carried out in the administrative area, the various program areas have had to contribute funding to that so that certain studies, analyses and so on could be undertaken.

Over the past year we've been trying to get a more accurate and more realistic figure under field administration, and this has involved transfers out of a number of the other votes. You'll see it as you go through. You'll see some negative figures in that same section under "Adjustments in level of service." More than \$300,000 there is the result of trying to make our recording more accurate, if you like, under field administration. Those are the three main figures.

Item 9 agreed to.

Vote 2401 agreed to.

The committee adjourned at 12:32 p.m.

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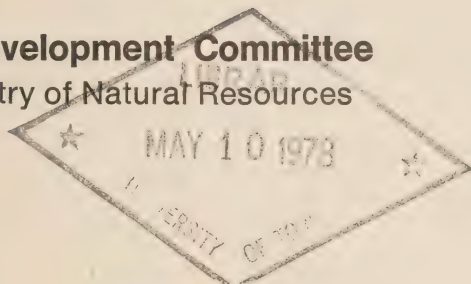


Legislature Assembly
2

Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee
Estimates, Ministry of Natural Resources



Second Session, 31st Parliament
Thursday, April 20, 1978

Speaker: Honourable John E. Stokes
Clerk: Roderick Lewis, QC

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A list of the speakers taking part in the debates in this issue of Hansard appears, in alphabetical order, at the back of this issue.

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LEGISLATURE OF ONTARIO

THURSDAY, APRIL 20, 1978

The committee met at 8:14 p.m.

ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

Hon. F. S. Miller: Mr. Chairman, yesterday there were a couple of questions asked of us on vote 2401. Some information has been distributed—a copy of a speech by Professor Walters. I'm not sure if the member who asked for it is here; in any case, there are copies of it. Also, we have some information on staffing man-years; and, for the member for Beaches-Woodbine (Ms. Bryden), some information on the percentages of females in various positions in the ministry.

I received a stiff reprimand from my female staff because, apparently, when they read Hansard they saw that I had said that when I was in Health I had the best female figures around me, and now that I'm in Natural Resources I have the worst female figures.

Ms. Bryden: It will take a lot to live that down.

Mr. Foulds: I'd say you're in trouble, Frank.

Hon. F. S. Miller: The cold print apparently did not carry the correct connotation. In any case, my entire office staff was lined up this morning for inspection.

Mr. Foulds: Wait till that sees the cold light of print.

On vote 2404, land management program; item 1, water control and engineering.

Mr. Foulds: I just wanted to ask the minister or his staff, what the relationship is between the water control and engineering program and conservation authorities.

My understanding is that conservation authorities, which come under item 8—a separate item—have the major responsibility for flood control.

Could you outline what the ministerial responsibility is under this first item?

Hon. F. S. Miller: I'm not sure I am able to make that clear differentiation. Maybe Mr. Keenan should do it.

I'm aware of the kind of work we undertake. Don't forget there's a good part of the

province that doesn't have any kind of conservation authority whatsoever. I guess those are the areas where we have certain responsibilities.

In my area, for example, there are certain water control measures in the district of Muskoka but no conservation authorities. In Lake of the Woods there are certain types of works we administer, maintain and build. For more specific information, I'll turn it over to Mr. Keenan.

Mr. Keenan: That's correct, Mr. Chairman. The work has to do with water control and engineering matters that lie outside the 38 conservation authorities. In addition to that, it deals with the administration of the Lakes and Rivers Improvement Act throughout the province, including work within conservation authorities. It also relates to things like the shore damage problems in places like Lake Erie.

Mr. Foulds: I understand you sometimes have people on loan to conservation authorities. Would that be charged against the conservation authority vote, rather than under this one?

Mr. Keenan: Yes.

Mr. Foulds: I notice in the detailed breakdown we have that there is a sizeable amount of money for special studies on water control. Could you give me some idea of what current areas you are studying? That's in the breakdown of item 1.

Hon. F. S. Miller: Special studies on water control. Again, I will refer to Mr. Keenan on this.

Mr. Keenan: This particular item includes engineering design for ongoing power programs, projects of one kind or another, pre-engineering studies and special studies such as that which I mentioned a minute ago—the studies on the Great Lakes and, more particularly the Lake Erie shoreline. These are being carried out in conjunction with the Canada Centre for Inland Waters at Burlington which grew out of the shore damage survey which goes back to about 1973, 1974 and 1975 when the water levels were very high. That study has been extended to include things like hazard-land mapping, shore-land management, technique proposals and

that type of thing. Essentially, that's what's included in there. That also includes our work with the International Joint Commission.

Mr. Foulds: Specifically, water control with the IJC?

Mr. Keenan: Yes, as it relates to water control and to our membership on committees of the IJC. Essentially, the IJC is a US-Canada federal body but we have representation and have people working on projects which are attached to the assorted committee of the IJC.

Hon. F. S. Miller: A good example is the Sault Ste. Marie water diversion. As you probably know, we are trying to regain, and probably will be regaining, Canada's share of the waters flowing over the St. Marys River through Sault Ste. Marie. That's an interesting point, and since it's a current one it may deserve a bit of explanation.

Across that area there are 1,800 cubic metres per second available for use by the two countries for power generation. The balance of the water is either spilled through the St. Marys Rapids or used by the canals handling the transport.

Canada has not had the need for its share of the hydraulic resource for generating, and currently Great Lakes Power of Sault Ste. Marie is involved in a major rebuilding program which would require Canada to get back its full 50 per cent of the available boundary waters. This has to come before the International Joint Commission and since there is already a precedent in a case like that where we had to give back to the US its share of 50 per cent of the boundary waters of Niagara when they required it a few years ago, it would appear that the precedent was well set and that Canada should not have a problem getting its share.

Mr. Keenan: I might also add something that I overlooked and that is that this particular item includes the majority of the staff costs associated with engineering services in the water control and engineering area—that's the engineers and various other people, both in the regions and in the districts.

Mr. Foulds: In those cases like Sault Ste. Marie and perhaps others you would, presumably, have to have a fairly close working relationship with Ontario Hydro on these projects.

Hon. F. S. Miller: Sault Ste. Marie is not Ontario Hydro.

Mr. Foulds: No, it's Great Lakes Power, isn't it? In this kind of situation what ones

are working with Ontario Hydro? Are you involved in the water control that we often hear talked about and its possibly causing the problem with the wild rice up in north-western Ontario? I have forgotten the lake; it might be Lac Seul, or it's one farther west.

Mr. Keenan: I think that's the Lac Seul agreement that you are speaking of.

Mr. Foulds: I'm sorry, I can't pull it out of my memory but when one gets the briefs, as one does from native groups, one runs into questions on Hydro. I guess it was part of the brief that they presented to the Hartt commission. Hydro built a dam and because of the lack of control on the dam, it flooded some of the wild-rice areas farther downstream.

Hon. F. S. Miller: Would Mr. Ringham like to comment on this at all?

Mr. Ringham: I believe Mr. Foulds is referring to Caddy Dam. I'm sorry I didn't quite get all your question.

Mr. Foulds: I was wondering what working relationship you have with Ontario Hydro in regulating the control there as it affects or might affect, positively or negatively, the wild-rice problem.

Mr. Ringham: Well, all that area comes under the Lake of the Woods Control Board, which is part of the International Joint Commission, for water management.

Mr. Foulds: So you don't have a direct relationship yourselves?

Mr. Ringham: No, we just have one member on the board.

Mr. Foulds: Okay, that's fine, thanks.

Ms. Bryden: Do you envisage any serious high water level problems with Lake Ontario this year?

Hon. F. S. Miller: My experts can qualify my comments. I'm kept informed on the current levels and, to some degree, the expected levels. The increase in levels on Lake Ontario at this point over this time last year are dramatic, if I recall the figures properly. I don't know how accurate I am, but it seems to me it was in the 16- to 24-inch range, higher than a year ago. However, I saw some optimism on the assumption that current discharge rates could be maintained at certain levels. We hope that there would not be a serious problem. Mr. Keenan may wish to comment on that. We are above historical highs by quite a bit.

Mr. Keenan: Yes, that's essentially correct; we are well above normal.

Hon. F. S. Miller: When a staff member says it's essentially correct, what he means is that the minister has goofed somewhere.

Mr. Foulds: What he is saying is he is surprised you got it right this time.

Ms. Bryden: Mr. Chairman, is there a possibility of increasing the discharge rates or is there other corrective action that may be taken? Will there also be problems of compensation if there is high water damage?

Hon. F. S. Miller: I'm sure there will be problems. Whether they're problems of compensation remains to be seen because these are truly acts of God rather than acts of—

Ms. Bryden: Acts of the minister.

Hon. F. S. Miller: Yes. I defer those few occasions to lower authority.

One of the real problems we have concerns water levels, and I suppose it's true of the Great Lakes system as much as it's true of, say, the Muskoka Lakes system or the ones we tend to know better ourselves. I often get complaints in my riding—because I live on a controlled lake—about either low levels or high levels. They're never quite right. They either relate to the lack of rain in the case of low levels or in the case of high levels to the inability of the downstream sections of the system to absorb more water.

There is a whole series of factors that can limit downstream flow. Assuming you are controlling it at all and that the dams are having any effect upon the total outflow, one of those limiting factors will be the spawning of fish. There are critical times of the year when we will maintain flows in downstream portions within a fairly close level if we can—say, in my case, the Muskoka River or the Musquash River or the Moon where the waters flow out of Muskoka—and this is while the fish are spawning.

Another factor, and perhaps more important to some people's problems, would be the physical capacity of the stream itself to handle the flow of water—assuming the fishing isn't a problem—without causing damage to existing structures. This is a very real problem where you can control the flow. Certainly, we have that problem—and this comes from years back when people built what we might now call a flood-plain area—and now that the buildings are there, they're expecting us to be able to maintain the flows below the levels that will damage their buildings. So this, I assume, happens in other systems, although I'm not sure whether that's true of the St. Lawrence.

Mr. Keenan: Mr. Chairman, I might add a little information that I have here—and

speaking on the subject generally—that all of the Great Lakes are above the long-term average, that is, the 1900 to 1976 average. As a matter of interest, Lake Ontario rose 17 inches between December 10 and January 31, and peaked about seven inches below the IJS regulated maximum. But the inflow of the water into the system and the projections of the inflows are such that the estimate at this stage of the game—and, of course, as the minister says, you can't be sure what's going to happen—the estimate is that it's going to ameliorate somewhat. But the levels are controlled by the federal government, in essence, through the IJC.

Ms. Bryden: I was asking if it was possible to increase the rate of discharge by putting pressure on the federal government. They actually have the final say but is it possible for them to increase this?

Mr. Keenan: I guess the problem with that, of course, is that you have to consider the people of Quebec and more specifically Montreal, which is very susceptible to increased flows. It's a pretty delicate balancing operation to keep the outflow from Lake Ontario and the levels of Lake Ontario in reasonable balance with the downstream levels in Lake Francis and in the port of Montreal. Again, this is a juggling act that, essentially, the federal government is involved with.

Mr. Foulds: I just have a technical question on the dramatic rise in the winter months. Is that because evaporation is usually less?

Mr. Keenan: I couldn't really answer that. I think it's probably due to flows through the system and the amount of precipitation.

[8:30]

Hon. F. S. Miller: I suspect, in a case like that, Jim, it's a function of the upstream excess capacity in the wintertime. Evaporation certainly is a factor in maintaining the levels but I don't think that in the middle of winter it would be as great a factor because many of our lakes traditionally are a little lower because of lack of run-off.

We had a winter that, to the best of my knowledge, has to have been about as steady a winter as we've ever seen in terms of melts or thaws to give a run-off. I would guess this was an accumulation of the waters moving down from the high levels upstream.

Mr. Wildman: I have some questions regarding control of water levels in lakes in my area. I've had some extensive correspondence with the minister regarding Dog, Wabaton-gushi, Manitowik and Whitefish lakes in

northern Algoma. These are lakes that are affected by Great Lakes Power dams.

Last year I requested that, because of contacts I've had with sportsmen and tourist outfitters in the area, the minister look into what effect the low levels of those lakes over the last couple of years, have had on spawning, as a result of the lack of rainfall in the area and the need for Great Lakes Power to lower the levels of the lakes in order to maintain its generating capacity.

The latest correspondence I have was in December when the minister indicated that although specific studies weren't done last year on Dog, Wabatongushi and Manitowik, data was being assembled on water-level records since the construction of the various dams in the entire system, and that he expected that this information would be assessed with a view to determining what should be done this spring, if anything, in relation to the pickerel spawning. I'd be interested if the minister or some of his staff could bring me up to date on what has happened with that.

Hon. F. S. Miller: I'm sure you realize that, while I do my best to keep up to date on specifics, I can't always answer questions concerning lake A or lake B, unless it's in my riding.

It may be that Mr. Ringham can help me somewhat on these. I recall the correspondence with you. I recall discussions about it and some arguments at one time as to whether we were or weren't doing certain things. I'll defer to Mr. Ringham and if we can't get you the answer you want today, we'll try to get it for you before the next time we meet.

Mr. Ringham: Mr. Chairman, in reply to Mr. Wildman's inquiry, I think the staff did do quite an extensive review of the water level data on the lakes mentioned back as far as 1930.

Mr. Wildman: Did that include Whitefish Lake as well?

Mr. Ringham: I couldn't tell you offhand. I know there's a 52-page report; I haven't seen the report myself. It's just been completed. I understand that, without mounting quite an intensive field survey together with proper benchmarks and tying this into the biological data they would be collecting during various time periods, but doing it purely on the basis of the data and their opinions as biologists, they feel that the pickerel and pike in that waterway are not affected.

From the water data they studied, the water is generally rising following the spawning period and then it flattens out

during the summer and starts down again during the winter. I forget which lake in particular.

Mr. Wildman: I think it was Dog Lake.

Mr. Ringham: In regard to trout, there is a possibility that there might be some of the trout spawning areas affected by decreasing levels toward that fall period and in the winter, but they would have to do quite a detailed survey to quantify it.

Mr. Wildman: Okay, the nature of my correspondence with the minister was to try to determine whether or not that kind of study would be carried out. I realize that in the last year we have had better rainfall levels and we didn't experience the kind of drought we experienced in the previous two years, where we had situations where people's docks were many feet out of the water that had never been that high off the water before, and it was affecting the tourist outfitting business in the area as well as the permanent residents and the cottage owners.

Last year I understood funds would be made available for an intensive study, but subsequent to that I found that although a study had been done the kind of biological studies that Mr. Ringham is referring to now were not carried out and there was the possibility that, depending on the assessment that was made of the information gathered last year and over to this spring, a decision would be made as to whether or not the funds would be made available for that kind of study this year. My question is, is that going to happen or not?

Mr. Ringham: Mr. Chairman, I'm afraid I can't answer that question at the moment. I haven't seen the report myself, nor have I received any specific recommendation from the region.

Mr. Wildman: Okay. I would appreciate it if we could get that information. I understand that since the 1930s the dams on these lakes have been operated by the Great Lakes Power Company. On Manitowik Lake, the dam there and the right to regulate the level of the lake are governed by water power lease agreement number 95 at Hollingsworth Falls, and Dog Lake is governed by water power lease agreement number 96 at High Falls, but the information I have from the ministry on Wabatongushi Falls is from a letter that is signed by J. R. McGinn—or at least someone for him—the director of lands administration branch: "This ministry has no record of Wabatongushi Falls being under any form of agreement at the present time. However,

prior to the present drought situation," and then it gives the level of the water.

That seems a very strange situation, where you have had a dam since the 1930s on Wabatonigushi Lake and yet it isn't governed by any agreement up to the present time. Wouldn't it make sense to finally come to some agreement with Great Lakes Power on Wabatonigushi Lake? They've been operating on that lake for 40-odd years and my understanding is that they don't have any agreement with the ministry, they don't have my authorization to be regulating the water levels on that lake.

Mr. Keenan: Mr. Chairman, I have no specific information on that question. Mr. McGinn is shaking his head that he has none, at least with him. We would be glad to look into that again and see what the situation is and get to you on it.

Mr. Wildman: I would appreciate it. I understand that the other two agreements were arranged by a gentleman named Fearst, who has had an illustrious history in this province. I think he was the first Premier from northern Ontario. Subsequent to his being Premier, he arranged these agreements on the other two lakes. I wonder why he missed Wabatonigushi and how it is we could operate for 40 years on a lake without an agreement? At any rate, I would appreciate it if you could look into that and perhaps we could come to it again when we get to the item on land titles and so on.

I have a couple of other questions, Mr. Chairman. It has recently been announced that the federal government is going to dredge the mouth of the Goulais River in Algoma, and the ministry officials who are present will know that I have been involved over the last two or three years in this matter. We have been trying to get some kind of agreement between the provincial and federal authorities for the control of water levels and the cleaning out of the Goulais River, remedial works on that river, which is in an unorganized area, so there is no conservation authority in the area.

Does the announcement by the federal government involve any kind of discussion with the provincial government? Has the provincial government been involved with the federal small craft harbours branch of the Department of Fisheries and Environment? Can you tell us if any provincial involvement is anticipated in this remedial work on the Goulais River?

Hon. F. S. Miller: I cannot, myself, at all.

Mr. Keenan: I have no specific information on the federal involvement on that river.

Mr. Wildman: I am glad to see that there is going to be some work; I don't think it has anything to do with the fact that there may be a federal election in the offing. I am sure that's not the case.

Hon. F. S. Miller: You have more confidence than I.

Mr. Wildman: At any rate, have you had any correspondence at all with the Hon. Romeo Leblanc, or with the small craft harbours branch?

Mr. Keenan: There is no correspondence that I am aware of. I can check on that, but I haven't personally seen any, nor am I aware of it.

Mr. Wildman: I would appreciate it if you could check on that for me.

Item 1 agreed to.

On item 2, forest protection:

Mr. Foulds: I notice that the estimates are down somewhat, but they are still substantially higher than they were in 1976-77. What's the forecast for this season?

Hon. F. S. Miller: The forecast is—and again I am subject to correction by my staff—a reasonably normal or better than normal year. You will recall that this time last year we put an extra \$7 million into the basic fire protection budget over the previous year. Under the extra program, the enhancement program, we put a number of extra teams into the field in advance rather than waiting for the season to strike and then trying to recruit people.

It paid off, because if you recall, last year May and June were both very bad months in all parts of the province pretty well. Sometime towards the end of June I visited the north and it started to rain—and rained, I think, thereafter. I seldom recall a sunny day after I got to the north last year, in any case.

Mr. Wildman: We needed it.

Hon. F. S. Miller: Yes, you did. In fact, flying over and visiting the lakes of the northwest in particular, west of Thunder Bay, was perhaps one of the most shocking sights I had seen. I remember going to Lake Nipigon last year and looking at its levels. Lake St. Joe, which I believe has control and flows both ways, if I recall, was away down. The watershed throughout the northwest was in a very poor shape.

Through the winter we have had good snowfalls; I think we have fairly wet soils; we are reasonably satisfied. From here on it's anybody's guess whether we are into a normal year or an abnormal year. We have, therefore, trimmed our sails just a bit and

have made provision, as you will see in another item, for about only \$2 million as against a considerably higher figure last year.

The extra firefighting service has always been a vote that I assume has fluctuated according to real need, anyway. In the year that there was only \$14 million placed in the regular vote, if my recollection is correct, \$21 million was spent in the special vote, so in fact we spent \$35 million, in round figures, for firefighting in the year 1976-77, which perhaps was our worst year recently, because it stayed dry pretty well through the whole summer. If I recall, it was something of a loss in the range of 1.2 million acres in the year 1976-77. I forget what it was last year. Do you have the figures, Mr. Ringham? [8:45]

Mr. Ringham: It was 1,028,000 acres.

Hon. F. S. Miller: Does that include the unpoliced areas of the north?

Mr. Ringham: Yes. That's the total area bushed in the province.

Hon. F. S. Miller: It is interesting, too, if I recall correctly, that last year the area that stayed driest was that above the fire line, or the control line, where we don't normally send crews in to fight the fires. The weather south of that line was wetter than the weather north of the line. The figure, while perhaps looking high, is not as bad as the previous year in terms of merchantable timber, I would suspect.

Mr. Foulds: Do you have any winter fires at the present time? That's always one of the danger signals.

Mr. Ringham: No. Last fall, as the minister mentioned, was quite wet in the north and we have no winter fires going this year.

Mr. Foulds: So that in itself is a fairly hopeful sign.

Hon. F. S. Miller: Yes. Last year we had a whole bunch of them, if you recall.

Mr. Foulds: We had in the last two years. Just one specific question on the firefighting, I notice that your supplies and equipment budget is down over \$1 million.

Hon. F. S. Miller: I think I can answer that, and again I stand to be corrected. Last year when we went into the enhancement program, a good chunk of the money was required to bring in enough equipment to handle the extra crews. This year I would assume, the equipment being there, we would be working more on replacement of equipment than on additional equipment.

Mr. Foulds: So for the coming years you don't see any need for additional equipment.

Hon. F. S. Miller: I am sure you have visited some of our fire stations—if you haven't, I welcome each member to do it. I think it's an extremely useful thing to do, if you live anywhere in the part of the province that faces the hazard of forest fires, to see the way we are organized, the amount of material that is kept ready, the way we dispatch our crews. The amount of material that has to be available for present-day firefighting parallels somewhat the D-Day expedition of the war.

Mr. Foulds: No further questions, Mr. Chairman.

Mr. Riddell: This item would include spraying trees for insects and disease, would it?

Hon. F. S. Miller: I would think it does, but I would have to defer to staff for a second to see if it does or not.

No, it is under a further vote.

Mr. Riddell: Then it is strictly fire control when we talk about forest protection in this item.

Hon. F. S. Miller: Let me just take a quick look through. That appears to be the case in my notes, in any case. All the things I have here are related to fire control. And communications, of course, that relate to fire control.

Mr. Foulds: I think it comes under forest management, does it not?

Hon. F. S. Miller: That I don't know.

I should point out whether the question is asked or not that it was briefly mentioned in my opening report that the centre for the control of this service was moved from Toronto to Sault Ste. Marie around November 1, simply on the assumption that the great bulk of the work was in the north and Sault Ste. Marie provided a pretty central location for the administration of the overall fire control budget, and was also where we had our air arm maintenance facilities. Those two tied together completely, since nearly all our aircraft for fire protection are there.

Mr. Riddell: Can we discuss the Junior Forest Ranger program under this item?

Hon. F. S. Miller: No.

Mr. Riddell: Well, I guess if it's just fires, I'll have to pass.

Mr. Chairman: Hang in there, Mr. Riddell.

Ms. Bryden: Under this item, I assume if we added forest protection, extra firefighting and forest management together, and perhaps half of the resource access and half the air service, about \$77 million is spent

on forests generally. I just wonder how this compares with the revenue that we get from—

Hon. F. S. Miller: I just happen to have the figure available.

Ms. Bryden: —from Crown dues and other revenues from forests.

Hon. F. S. Miller: We had three elements really in the present formula. It's being amended by a bill before the Legislature as far as the Crown dues part is concerned; we made a 50 per cent increase this year to the lessees of Crown land for the forest protection component of their annual charge.

Again, I can't give you exact figures, but I'm going to try to give you the range of them. It strikes me we were charging \$26.70 per square mile. Is that close?

Mr. Foulds: That's quite close. You might be out 20 cents.

Hon. F. S. Miller: We increased that a full 50 per cent, which would bring us up to something just over \$40 per square mile—\$41-something. So that would give you the charge that we place upon those Crown acres under anything but, I guess, a district cutting licence. I don't know whether the charge applies to the district cutting licence. Does it apply?

Interjection.

Hon. F. S. Miller: Okay. That gives you one figure.

If you look at the total spent on forest protection, and forest regeneration and compare it to the dollars collected from the industry for the direct charges then you'll find here's probably at least \$2 spent for every dollar collected. In fact, if your figure of \$77 million is correct it's closer to \$2.50 spent or every dollar collected. That's as a direct charge.

One has to realize that the forests provide a great deal of revenue for government other than the user fee for the raw materials called Crown timber dues, and the charges we've made for protection. There is the corporate income tax from the companies profiting; the personal income tax from the people working; the creation of wealth through the employment of labour in what is one of Canada's better-paying industries. I would suspect it rates pretty well up on the scale.

Mr. Wildman: Considering the danger involved, it should.

Hon. F. S. Miller: Okay, I have to challenge the word "danger" in its fullest context. I would think the psychological problems of working on an assembly line and being bored, day in and day out, without

any physical exercise, are perhaps worse than the physical hazards in the forest industry. The fact is I think most people in the forest industry are reasonably happy people. It's the kind of job where they feel they are doing something that requires skill and is a challenge. That's something that's been taken out of a good many of the automated parts of our labour force today and I think it's fundamentally one of the reasons so many people feel frustrated at work.

The industry is a pleasant one. I find the guys I meet in that business down to earth and I'm sure you all have too. They're pretty blunt sometimes.

One of our weaknesses has been that the main government agency profiting from the forest industry in Canada has been the federal government. The federal government to date has not been a net contributor to the improvement of the forests of Canada. We feel the time has come—and I think this was stressed by a number of speakers in Thunder Bay—for the federal government to realize it is the major beneficiary of a healthy forest industry, both from the unemployment insurance side and the income side. They have an interest in helping the provinces enhance that industry.

Ms. Bryden: I would agree the federal government should be interested in the development of our resources, but I'm not so sure I buy the argument that because the industry pays corporate income tax to both governments and the employees pay income tax that they're doing anything different to what any other industry is doing. Actually, we're really asking people who pay those two taxes to share their surplus income with the government to cover government services.

After all, the timber belongs to the people of Ontario and they're paying \$2.50 more for servicing it than they're getting back from it in direct charges. It seems to me that it should be the other way around. The people of Ontario should be getting a share of the value of that timber, in addition to the corporation income tax which is, as I say, a sharing of profits from the exploitation of that. In other words, there should be a direct charge for the raw materials that the companies are using. Other companies have to buy raw materials from other places, feed stocks and so on. It seems to me that we are really subsidizing the industry rather than collecting anything for the people of Ontario for their resource.

Hon. F. S. Miller: We are on a ideological point again.

Mr. Wildman: Is it ideological as to who owns the trees?

Ms. Bryden: I was going to say that the trees belong to the people.

Hon. F. S. Miller: I would argue that those of you who want to maximize everything often forget we already have, as I tried to point out in the beginning, the highest wood costs in North America. I have already changed the Crown timber dues so that the province will profit in increases in the selling price of the material. Our industries are really strapped right now for funds to meet their two basic requirements: modernization because we have old mills and environmental controls because we have strict rules. Then if you wish the trees to be used at all, you have to keep the raw material costs at a price that allows the mill to operate. I can assure you that no government is going to see that it gets less than it can get. You've seen financial reports in the paper, in the last week in particular if you've been watching the financial pages, which I'm sure you all do to see how your investments are doing.

Mr. Foulds: We just do it as an exercise.

Hon. F. S. Miller: I dealt with one of your ex-colleagues, Mr. John Brown.

Mr. Foulds: And Morty Shulman?

Hon. F. S. Miller: And Morty Shulman. Mr. John Brown and I are seeing each other shortly, apparently, across a table. Anyway, I would just feel that the industry is currently being asked to pay about all we can get from it and keep it alive. The American dollar has dramatically helped the companies. In this last week we've seen a spate, thank goodness, of good first-quarter reports from most of our paper and lumber operations in Ontario. I say "thank goodness." I hope you feel the same way because it means that the security of the jobs that are in that industry has been enhanced and that the \$170 million a year the companies have to reinvest just to keep even will be available. That's what they're currently investing to upgrade plants mostly built between 1910 and 1920. The money will be available and they'll stay competitive.

Mr. Foulds: Would you give me those years again?

[9:00]

Hon. F. S. Miller: Between 1910 and 1920 I think would be the years when Ontario had a tremendous growth in the pulp and paper industry. Again, I'm looking at my staff to see if I'm in the right range. It probably continued through to the mid-1920s. But if you take the Dryden plant of Reed, I think that is a 1913 plant. If you go to the

Sault Ste. Marie plant of Abitibi, I suspect that's a plant built before the turn of the century.

When one realizes that these plants are suffering from age, older and slower machinery, and closed flows that don't lend themselves to high productivity, you understand that because we were the first in the industry we are now suffering from, let's say, that first advantage. The companies that came along in later years used more modern technology in other locations in the world; therefore, their plants have had a slight advantage over ours.

Mr. Wildman: Surely, though, the Spruce Falls operations has been using that same argument ever since it started operation in the 1930s.

Hon. F. S. Miller: Spruce Falls Power and Paper? There is a company that is doing its level best to keep up with both our demands for pollution abatement and their demands for increased productivity.

Mr. Wildman: The same goes for the Iroquois Falls Plant of Abitibi.

Hon. F. S. Miller: I don't know whether they had the first TMP plant in Ontario but Spruce Falls has a TMP plant, as I am sure you know, do you not? That is, we suspect, one of the more probable processes for future pulp production. It's a high energy user but it's got a tremendous yield. Just a week ago Spruce Falls announced the closure of its calcium sulphite plant altogether—are you aware of that?—and replacing it with a new TMP plant, which in turn will virtually eliminate the pollution in that area.

Mr. Chairman: Sounds very interesting, but we are straight off the vote and item. We are under forest protection. We've got into everything else but forest protection in the last five minutes, so I would ask that we stick to forest protection.

Mr. Hennessy: An iron hand, Jim. Watch out.

Mr. Wildman: Tough, tough.

Ms. Bryden: On that point, Mr. Chairman, I was suggesting that instead of just protecting the forest, it would be better if we spent some of our money on increasing productivity.

Mr. Chairman: I think I would refer that, Ms. Bryden, to vote 2404, under forest management.

Mr. Hennessy: Every man for himself; protect yourself.

Mr. Chairman: Any further comments?

Mr. Wildman: We have had the explanation for the decrease in the estimates in terms

of weather, but I am wondering whether the move to Sault Ste. Marie, in combination with the air service and so on, has led to any significant cut in costs.

Hon. F. S. Miller: I suspect not. I think that wasn't the basic purpose of the move. I can turn to Mr. Ringham, who I think assumed control of that part of our service when it moved to Sault Ste. Marie, did you not?

Mr. Foulds: He hopes so.

Mr. Ringham: We hope so. It's a little early to tell. They just got on base April 1. Basically, though, it is to bring certain elements, both from the air service and in the protection section, closer together. For instance, we think we can make good advantage between the avionics and communications elements of that unit.

Hon. F. S. Miller: I shouldn't ask questions at my own estimates, but I believe the transfer of complement didn't result in any significant decrease in staff. Is that correct?

Mr. Ringham: That's correct.

Hon. F. S. Miller: Which is what I think you were trying to point out. I have some idea that the total staff transfer was in the range of 40. I am not sure if that is right or wrong. Was it 36 from Toronto?

Mr. Ringham: Not quite that.

Hon. F. S. Miller: Not quite that? Okay.

Mr. Foulds: One last question: This might not be under this vote but, as has been discussed earlier, if we get into the use of more controlled burns for regeneration purposes, would the standby crews, which I assume would be necessary for forest protection, come out of this vote? Secondly, would that mean that the fire protection service would be spread out in its use over the year?

Hon. F. S. Miller: That's hard to say. You heard the discussions in Thunder Bay. There is a bit of a staff controversy as to who is best qualified to burn the forests.

Mr. Foulds: Smokey the Bear.

Hon. F. S. Miller: The boys in the forestry division felt they were best qualified because they were willing to take the risks, and the fellows in the fire control claimed they were because they were used to handling fires. That's an interesting kind of internecine war, because the boys in the forestry service say the fellows in the fire service are so concerned about keeping the fires out they won't light them; and vice versa. However, that will be resolved.

Mr. Foulds: Over the coming year? But does it mean a spreading out in deployment of personnel throughout the year?

Hon. F. S. Miller: Actually our staff have been used pretty well. When I was up in the fire area in late August, we were starting to have some fire crews laid off, I guess. But I think you'll find that in a poor fire year—or a wet year, depending upon your point of view—the crews are not just sitting like firefighters in a hall waiting for something to happen. I suspect the district managers have used those crews for other purposes. They certainly were in some of the areas I visited. Other silvicultural or ministry programs were used, just as, by the way, we draw everybody in during a bad fire year, no matter what they job is, if we can get hold of them.

Mr. Riddell: Back in the late 1940s, I had the pleasant experience of fighting some fires up north of Blind River when I was with the Junior Forest Ranger program—

Mr. Wildman: It wasn't too pleasant.

Hon. F. S. Miller: It certainly wasn't you.

Mr. Riddell: —and it seemed to me that your only hope was a pair of good legs to get out of the way if you had to and to hope for a real shower of rain. What's the situation—

Mr. Wildman: The Mississagi fire was the beginning of the end for Blind River.

Mr. Riddell: What's the situation today? Is the technology and the equipment sophisticated enough that the firefighters can pretty well bring any forest fire under control? Or do they still pray for a heavy rain to help them out in their task?

Hon. F. S. Miller: I think the latter is the first move that every firefighter makes, although you must realize that a great many of our fires are started by storms.

Mr. Wildman: Thunderstorms.

Hon. F. S. Miller: Yes.

Mr. Riddell: Most of them? Are far more fires started by storms than by tourists?

Hon. F. S. Miller: Our staff can give you the figures but when we have thunder storms, particularly in the northwest where we have fairly rocky terrain, we have had to put out these automatic strike counters to help us, in effect, locate the areas where we may suspect fires as a result of a night storm or a day storm. These are very potential causes, even though the ground may be wet in the middle of the storm. So it isn't quite as simple as you say. But certainly a change of wind and a good rain have to be amongst the best weapons of a fire crew.

Mr. Wildman: Railroads also cause them.

Mr. Ringham: Mr. Chairman, we would like to believe that our technology and our training are improving. The average size of fire over a long period of time, says the last 25 years, has been decreasing. Certainly technology is helping. This year we will have a new lightning detector, which will involve the installation of two stations, one at Ignace and one in the Kenora area; that should give us a better fix on lightning strikes.

The equipment the minister was mentioning, we have had that for three or four years but that just gives you the number of counts. This new detector will actually allow us to plot where the strike occurred. We certainly feel that our aerial detection system has improved since we specialized in going this way with aircraft and trained observers.

Mr. Riddell: Is there far more of that type of detection than there is through fire towers?

Mr. Ringham: Our policy is still to fight small fires rather than big ones, and to do that we keep working on our detection system. We hope it is improving.

Hon. F. S. Miller: You realize that we hire a goodly number of aircraft every year on contract to do nothing but fly patterns for us for detection work. Once a fire is located, there's a pretty immediate reaction from the fire control centre. They will have a map showing the location of pretty well everything they need, but particularly aircraft. We use helicopters to take crews in, if in fact access is tough in other ways. Certainly quick detection and fast response, I suppose, are the key elements of the whole system. Those are the parts we have worked on.

When one sees a fire being fought on film—I have not seen one up close, live, I must say, but I have certainly watched films of them—you would wonder, frankly, how somebody standing there with a hand pump, a stirrup pump, an axe and a shovel would ever fight a fire, but the fact remains our fellows are very skilled and well versed in that, and well led.

Of course, we have the fire bombers too. We have two types of fire bombers, water bombers and chemical bombers, and they are used for quite different purposes. Again, I stand to be corrected, but I believe the water bombers drop their load directly on a burning fire, whereas the chemical bombers drop a retardant ahead of the fire. Is that the case?

Mr. Ringham: We try to contain a fire with the chemical retardant. It is more or less

on the principle of one strike, and then follow up with other means.

Mr. Chairman: Thank you, Mr. Riddell. Mr. Wildman.

Mr. Wildman: Can you tell us what percentage of your fires are railroad fires as a result of sparks from trains on tracks rather than from lightning strikes?

Hon. F. S. Miller: I can't. Mr. Ringham may be able to. I know the statistics are available, but I can't give them to you from memory.

Mr. Wildman: While they are looking for that, can you indicate to us what kind of co-operation, if any, you are getting from the railroads? I'm informed that in the old days section crews, in co-operation with the ministry, used to burn the grass along the rail beds or cut the grass along the rail beds as a preventive measure. I know the section crews have been substantially cut since those days and I don't think the railroads are doing that sort of preventive work now. I am wondering what kind of co-operation you are getting from the railroads—especially in a dry season like we had the two previous summers to last year—to try and prevent the sparks from trains starting a fire in the grass that could then spread to the forests on either side of the rail line?

Mr. Ringham: The railroad problem is still with us. Every spring in each region we hold meetings with both railroads, both on a regional basis, or a joint regional basis, and then on a more local level, at the district level, with the people the railroads have available. The hon. member is quite right. The number of section men has decreased.

We have also been carrying out surveys in the fall and attempting to map, both from our past records and from actual conditions along the right of way, where we figure there may be hazards. We then suggest quite strongly to the railroads that they move in their work crews, which they seem to prefer to a section man. We have been emphasizing with them more fall burning of ties, this type of thing, rather than doing it in the spring.

In addition to that, we are also a part of a federal-provincial committee on forest fire research. There's a special section of that which deals with the railroad problem in Canada; and then again it's related to a North American committee because it's a common problem. We just keep working at it. That's about all we can do.

Mr. Wildman: Do you have the statistics on the percentage of rail fires?

Mr. Ringham: Between 15 and 20 per cent.

Mr. Wildman: How does that compare with lightning strikes?

[9:15]

Mr. Ringham: Just off the top of my head, I would say that would be about half of our lightning percentage. It depends on the areas. The minister pointed out that certain parts of the province are more prone to it than others.

Mr. Wildman: If it's determined that a fire is a result of sparks from a train, what obligation does the railroad have in terms of paying for the costs of fighting the fire?

Mr. Ringham: If we can prove it started on a right of way, they pay our costs. Sometimes there are arguments over this, but most rail fires are pretty evident when they start on the right of way.

Mr. Wildman: Yes, when you have a series of small fires all along the railway it's pretty obvious.

Item 2 agreed to.

On item 3, air service:

Mr. Foulds: Does that include the King-air?

Hon. F. S. Miller: Yes, it would, as far as I know.

An hon. member: Do you mean leasing?

Hon. F. S. Miller: It includes all of our aircraft as far as I know.

Mr. Foulds: All the government aircraft?

Hon. F. S. Miller: Yes. I stand to be corrected but that's my understanding. I might just put a little plug in here. We have probably the most modest executive fleet of any province in Canada. I want you to understand that this is not political, I am not trying to be controversial. Recently in landing in BC and being looked after by the British Columbia forest service, I was flown by jet from Vancouver to Victoria. I remarked on that. I said that was interesting, because Ontario does not have a jet. The pilot said proudly, "We have three." I said: "When did you get them?" And he said: "When we had the NDP government."

Mr. Wildman: A forward-looking administration.

Mr. Foulds: As a matter of fact, that was always a Liberal issue anyway. I would assume that your service is a bit more immodest than that of PEI.

Hon. F. S. Miller: They have a jet too.

Mr. Foulds: In their natural resources estimates?

Hon. F. S. Miller: I don't know where they sneak it in. It's a long haul from one side of the island to the other.

Mr. Wildman: They must have to start landing as soon as they take off.

Hon. F. S. Miller: Can I just interrupt a second? I know you haven't asked the question, but last year we did something which is of interest to some people. We bought seven surplus air force aircraft, single Otters with spares, for a total price of \$300,000. We realize that any one of them is virtually worth that much. These aircraft have roughly twice the firefighting capacity, in terms of water carried, as a turbo Beaver. We sold three turbo Beavers, if I recall, to pay for the seven single Otters. It was a very advantageous deal from the province of Ontario's point of view.

Item 3 agreed to.

Item 4 agreed to.

On item 5, resource access:

Mr. Foulds: I have two questions. There's been a substantial reduction in expenditure here between 1976-77 and 1978-79, the most dramatic reduction having taken place in the 1977-78 estimates. Is this because Northern Affairs has picked up a good proportion of that in its budget?

Hon. F. S. Miller: I will have to refer to one of the staff while I peruse that, because we have been transferring funds from one to the other. In 1976-77 we had about \$4 million transferred to Northern Affairs in that one year and that would explain a good chunk of the budget.

Mr. Keenan: I might add that between 1976-77 and 1977-78 there was also the matter of the funds for the Moosonee power line, which were almost \$6 million.

Mr. Foulds: Presumably this item will increase if you adopt the process of having a permanent road access system?

Hon. F. S. Miller: I would think so. We've made some estimates which are still in the very roughest of stages as to the money needed for that. It would be in the millions of dollars.

Mr. Chairman: Thank you, Mr. Foulds. Mr. Wildman.

Mr. Wildman: Thank you. In talking resource access in my area—and it's also my area of interest in terms of tourism—I'm sure the minister is aware that we run into some very serious problems concerning tourist outfitting businesses, when we're talking about timber access roads.

Sometimes you have a situation where tourist outfitters have leased campsites on a

long-term basis from the ministry on inland lakes, in a situation where when the lease was arranged it was expected that the access would be either by canoe or people would fly in or packsack in to remote sites. But as timber operations go further and further into the interior and the timber companies are building access roads to their operations, they open up roads into areas that were previously inaccessible by vehicle. It sometimes leads to serious conflicts.

I'm just wondering if the minister could indicate to us the ministry's policy in terms of roads that are built with public funds—that is either wholly or in part—or roads that are built by the timber companies themselves without public funds, but obviously with the agreement of the ministry; what is the policy in terms of opening and closing such roads? What input is there from the tourist outfitters in the area, as well as the anglers and hunters?

Hon. F. S. Miller: As you know, you're touching on one of the most sensitive areas. If I talk to the fly-in operators they would, of course, prefer no access of any kind to the lakes on which they currently have either legal or illegal camps. In your area, we have some of both.

Earlier, in another vote, we talked about the problem I have. That is to make available at any one time as many uses as I can out of Crown land, and also to make the Crown land available to as many people as possible. With all of the sympathy and understanding I can muster for the fly-in operator, I have to recognize that a select group of people is able to afford that service—a minimal number.

That doesn't mean that there should not be that kind of service. We do our best to maintain it, but it does mean that when we get to a competition between the use of thousands of acres of forest land for logging or for access to a lake for local residents who may otherwise not be able to get to it, or in fact for transient tourists, we have to weigh one against the other.

It's my understanding that when public funds are used for the creation of a road, it is necessary for the users to permit the public on it. I could be corrected on that; I think it's correct. Where the roads are built by the logging companies, as many are, I believe it's their right to restrict use; and in fact to use their own trucks on them, for example, without licences; perhaps without gasoline tax, I'm not even sure of that. So there are a number of advantages to accrue to a company building its own roads.

In other jurisdictions, some of the companies are acting in the interest of public

relations; they are looking ahead and realizing that pressure from the public for the right to use Crown land for recreational purposes can jeopardize their uses of the land if they're not willing to compromise. You'll find that some areas—I think that BC has done this to a large degree—have times of the day or week for areas where the public are allowed in when in fact the logging trucks aren't likely to be a hazard to the user of the road. Some of them even go so far as to provide recreational facilities on them. So we're looking at those kinds of things.

Mr. Wildman: I understand the minister's approach and I should point out that I don't think there is unanimity among the various outfitters. It depends more on their location as to what their attitude is towards access roads.

Hon. F. S. Miller: Also whether they're legal or illegal.

Mr. Wildman: I'm just talking about legal ones, if we have legal leases in remote areas, where they've leased on the basis of understanding that the area will not be accessible by vehicles, when they suddenly find that a lumber company has been given permission to build a road close to their lake.

I have a particular situation in my area in relation to Oba Lake. I have a thick file here which I will be willing to give to the minister.

Hon. F. S. Miller: What company?

Mr. Wildman: Dubreuil Bros.

Hon. F. S. Miller: No. What flying organization?

Mr. Wildman: There are three camps on the lake and they're all rather concerned. I won't go into the particular details of it, but here we have a situation where it's proposed under the management plan for the lumber company in the area to build a road close to the lake. The outfitters on the lake, with a great deal of support from their clientele, are protesting that, and through the Ministry of Industry and Tourism are requesting that if any road is built, either just by the company itself with the permission of the ministry or by using public funds, that this road be built in such a way that it be kept distant enough from the lake so that they won't face a situation where they suddenly have an influx of people who normally wouldn't be coming into the lake, especially when the area is accessible now by the Algoma Central Railway.

Hon. F. S. Miller: I've flown over areas like this, where for example a fairly expensive investment exists in a fly-in lodge versus, say an outpost camp type of thing. Certainly, we have held up or redirected a road to protect

the lake, or we have asked for a setback far enough to hope that it will not be possible to access it unless you walk some distance carrying your equipment.

The compromises are difficult to maintain. We're trying very hard to keep fly-in locations. The operators who talk to me are quick to point out that all they sell is wilderness and that once the road access is possible then the kind of people to whom they're selling that experience are no longer interested. [9:30]

They are also honest enough to admit that in most cases they are aware well in advance of management plans that may involve the access of the lakes they work on.

Mr. Wildman: That is why I have all these letters.

Hon. F. S. Miller: Yes.

Mr. Wildman: Because that is in the process of being discussed.

Hon. F. S. Miller: In fact while they may have taken it, it was on the assumption that they have it until such time as the access occurs; we do our best to keep them happy. Jim Keenan is passing me a note saying we do arrange annual meetings. When I was at the NODO convention this was discussed at some length between the various components of the tourist industry and our staff to try and set out the plans for the description. He may wish to talk to that.

Mr. Keenan: Mr. Chairman, as the minister has indicated the field staff do regularly arrange these meetings to try to sort out what are really pretty difficult problems; some of them defy the wisdom of Solomon in sorting them out.

We also look forward to providing, as a kind of longer range framework within which to make more rational decisions, the land-use planning exercise we are involved with. We would be moving down to the district level at which, through making land-use allocation decisions, we can determine where we want the permanent road systems to be, where they will be disposed to the best advantage, all things taken into account, and where the best net result would accrue from the road locations; avoiding, hopefully, some of these problems. They will never all be avoided.

Mr. Wildman: I understand the ministry's position in that once a road has been constructed it should be maintained, in most cases, because of fire control and the need for access for the control of potential fires, but that does lead to problems. As I said earlier there obviously is no unanimity among

the outfitters. In the areas where tourist outfitting camps are closer to centres of population in many cases the tourist outfitters would appreciate road access.

It certainly is true in the area of east Algoma, in my area, where the tourist outfitters of that area, and certainly in the Batchawana area as well, would like to be able to have road access into some of the wilderness areas and have use of roads that are already built—for instance, the Midway Lumber road or the Morgan Lake road or the Tribag Mine road in my area on which the tourist outfitters would like to be able to get people into those areas. So as I said there is no unanimity.

I wonder how you are able to deal with those two conflicting views. Is it done simply on the character of the area, or is there a permanent policy? I know the minister said that if public funds were spent on a road generally that means that road is not going to be closed.

Hon. F. S. Miller: I wish we could generalize and say we had a policy that works in every instance. The companies you have just mentioned—Midway and Morgan, which I guess are the same person—are ones I am somewhat aware of. I have had correspondence from Hubert Morgan. He used to operate a mill in my home town; in fact I bought my first lot from Hubert Morgan for my first house so I know him reasonably well. But there are real competitions; I think rather than saying this is a policy and applying it blindly we have to try our best to use common sense in these situations in deciding what priorities have to apply. Again, Mr. Keenan may wish to comment.

Mr. Wildman: Have you had contact from the East Algoma tourist outfitters in relation to the Midway operations or from the Batchawana outfitters in relation to the Tribag mine and the maintenance of those roads?

Mr. Keenan: I can't answer that question specifically, and Mr. Ringham doesn't know.

Hon. F. S. Miller: And Mr. McGinn is saying "no."

Mr. Wildman: I know they are specific questions, but I would appreciate it if you would look into that.

Hon. F. S. Miller: Mr. Morgan has been in touch with my office within the last two weeks on matters relating to our demands on his roads.

Mr. Wildman: I know the East Algoma outfitters would like to know where those roads are going to go and if they are going to be extended, and whether or not they are

going to be maintained. Certainly the Bat-chawana outfitters are talking about setting up a tour for tourists into those areas and they would like to have the Tribag Mine road maintained. It used to be maintained by MNR but apparently is no longer.

I just want to leave this subject by pointing out the other side of the question.

Hon. F. S. Miller: Yes, it must be nice to be a critic and talk about both sides.

Mr. Wildman: I am admitting it is not an easy thing to deal with.

Mr. Foulds: That's your favourite theme.

Mr. Wildman: I have had extensive correspondence with the ministry regarding the Esnagi Lake dam road. At one point the minister wrote me wondering why I was so concerned about this road. I think he referred to it as "abnormal" concern over the Esnagi Lake road, if you recollect.

Hon. F. S. Miller: I was just reflecting on the writer.

Mr. Mackenzie: Must have got through to you, Frank.

Mr. Wildman: This is a road that was partially built by Dubreuil Brothers in the north end of Algoma, and the last portion of the road was constructed by the ministry in order to get into the Esnagi Lake to repair the dam. I am interested in the minister's comments about public funds, that when public funds are expended on a road that road will remain open. This road has repeatedly been closed and rebuilt by local residents.

Hon. F. S. Miller: I think there are two interpretations of "will remain open." Mr. Keenan, you may want to explain that putting public funds into a road doesn't mean the road will be maintained; that, I think, is the difference between maintaining it and having it open whilst it is maintained. Those, I think, are separate issues.

Mr. Wildman: Before he replies to me I would like to point out that I wasn't talking about maintenance of a road. I am just talking about the deliberate destruction of a road that has had public funds expended on it. It seems to me there is a difference between arguing that a road that has had public funds spent on it should remain open, with or without maintenance. In this case most of the fellows I am talking about from Dubreuil have four-by-fours, four-wheel-drive vehicles, and they don't need much maintenance on the road in order to get in and do their fishing. There is a difference between that and actually blowing up a road or having a sudden flash flood, perhaps

arranged by ministry personnel, to destroy a road and then have the local residents build a bridge over it repeatedly, and have that bridge destroyed and then rebuilt and so on.

Hon. F. S. Miller: The beavers are not on our payroll.

Mr. Wildman: I have requested that a meeting be held with the rod and gun club of Dubreuil, hopefully with francophone or bilingual people to go in and talk to the residents of Dubreuilville to straighten out this whole controversy. The local residents of that community are getting tired of rebuilding this road. There is a ministry sign saying that the road should be closed even though public funds were spent on it.

Hon. F. S. Miller: Je ferai un promet: j'irai leur voir.

Mr. Keenan: Mr. Chairman, if I could make a general comment. I really can't comment specifically, although I do recall seeing some correspondence on this.

Mr. Wildman: That's the file right there.

Mr. Keenan: The fact that public money is spent on a road doesn't necessarily mean that the intent of that expenditure was to create a road for general public access. I seem to have a recollection in that case that the road was constructed in order to get in to rebuild the dam.

Mr. Wildman: That's right.

Mr. Keenan: Our management of the resources of the area, and I seem to recall that this applies here, suggested that there should not be public access into that lake based on management considerations. This would be an example of a case where, notwithstanding the fact that public funds are spent, the consideration of the staff is that it should not be open to the public.

Mr. Wildman: The two things that have happened in this are that there has been a management plan, a land-use plan, developed in the area, and there were meetings held. But for some reason, that management plan has never been translated into French and no meetings have ever been held in Dubreuilville. Meetings have been held in Wawa, but the residents of Wawa couldn't get into this place very well, up until recently anyway, because the company road was blocked off. Only the people from Dubreuilville could get in there and no meetings have ever been held on the management plan in Dubreuilville.

I requested a meeting, a year ago approximately, and I had expected the meeting would have been held by this time and it

has not. Now I am told that it might be held in early June in Dubreuilville. We have had this simmering problem for a long time with very strong feelings on the part of the local residents, who feel that since taxpayers' funds were spent on this road leading into an area that is good for fishing they should be able to use it. To have it continually destroyed by acts of nature that seem to have been very well arranged, and a sign put up saying—in English by the way, not in French—that the road is closed because of section 31 of the Public Lands Act; it's a situation that has to be resolved and I would hope that the meeting could be held soon. As I say, it's been over a year since I requested a meeting with the rod and gun club of Dubreuilville.

Mr. Ringham: Mr. Chairman, in reply to Mr. Wildman's comments on the Esnagi Lake road problem. One of the reasons a meeting hasn't been held is that the district has been preparing an interim land disposition plan until it gets the official and full land-use plan for that district. Really, it's an update of the old White River district plan. They are planning to take that interim plan to the communities in the district and that's why the June date. They are hoping that under the umbrella part of the plan this problem would be dealt with.

Mr. Wildman: All right, I don't want to prolong this, Mr. Chairman. Can you assure me that at least a synopsis of the plan will be translated into French and that whoever goes in there for the meeting in June will be bilingual?

Mr. Ringham: Mr. Chairman, we can carry out those requests.

Mr. Wildman: Thank you.

Mr. Chairman: Any further comments under vote 2402, item 5, resource access?

Item 5 agreed to.

On item 6, land and water classification:

Mr. Foulds: I would like some clarification, if the ministry officials can give it. I assume it's under either item 6 or item 7, where we talk about the new program for cottage lots. Would it be 6?

Mr. Keenan: Item 7.

Mr. Foulds: And where do we get into the knotty problem—that's k-n-o-t-t-y—of unlicensed wilderness cabins? Is that 6 or 7?

Mr. Keenan: That's under 7.

Mr. Chairman: I think item 6 includes cottage lots. It says "lake plans for cottage lot production."

Mr. Keenan: Yes, Mr. Chairman, if I might clarify that. Item 6 deals with planning; item 7 deals with land administration, the disposition of cottages if you will.

Mr. Wildman: Crown land policy comes under planning—
[9:45]

Mr. Foulds: What I am trying to clarify, Mr. Minister, through the Chairman and your officials, is under which of these items do we discuss the new policy that has been partially enunciated but not fully fleshed out about cottage lots. I'm easy; I don't mind whether—

Hon. F. S. Miller: I think it's item 7, but I'm willing to discuss it under either one and argue later.

Mr. Chairman: Let's pretend we discussed it under item 6 and go on to item 7. Did you have some comments under item 6?

Ms. Bryden: Yes.

Mr. Lane: I have some on that same subject, whenever Mr. Foulds gets through.

Mr. Wildman: I have a question. Under which item are public dump sites?

Mr. Chairman: I think that's under the next vote.

Interjection.

Mr. Wildman: Is that item 7 as well?

Mr. Chairman: Oh no, sorry.

Mr. Wildman: That's under item 7? Okay.

Mr. Chairman: Under item 7, right.

Mr. Foulds: Why don't we pass item 6? Item 6 agreed to.

On item 7, land, water and mineral title administration:

Mr. Foulds: I suppose my question is at what point, Mr. Minister, are you going to be able to make the announcement that is final and—

Hon. F. S. Miller: Binding?

Mr. Foulds: —binding with regard to the new policy, whatever it is, with regard to cottage lots? How many lots do you see coming on stream for sale in the coming year, if any? Will those who are presently leasing and have been leasing, since I guess 1970, be able to purchase the lots they have been leasing? And what precautions, if any, are you going to be taking that those that you sell remain in residential hands?

Hon. F. S. Miller: We have finished within the ministry the preparation of the parameters—conditions—to be attached to the sale of Crown lots for recreational purposes. This has to go through the two cabinet steps be-

fore I can discuss the details of it. I hope you'll appreciate that. It's not an attempt to avoid the question, it's simply that since I have already ventured one opinion which turned out not to have the support of my colleagues, I would just as soon not venture any opinion as to the likelihood of our present parameters being accepted.

They are done and therefore the time frame between now and public announcement is anything from two to four weeks, simply because I have to take them, if you are familiar with our steps for policy, to the cabinet committee on resource development, which will occur on a Thursday. Is it next Thursday?

Mr. Dillon: It's been done.

Hon. F. S. Miller: Did it go through? Was I missing? In absentia?

I might say I'd better go back and see. Cabinet may have dealt with the minute then, because with me being here with the estimates being on I've not been in cabinet for the last two sessions.

Mr. Wildman: Isn't it a fact that the whole damn policy has been developed without you?

Hon. F. S. Miller: Oh, I wouldn't think so.

I would like to point out to you something that you may or may not agree with. I would think that as far back as September of last year when the Public Lands Act was being discussed by my staff and a complete redrafting of that Act was being talked about, I asked for Mr. Keenan and other staff members to meet with me in my semi-monthly—bi-monthly, twice a month—meeting on policy creation and I suggested that it was time to develop a policy that had in it the elements of ownership as well as lease. That was started back around September or October.

This is a variation on an overall theme that was highlighted in the Throne Speech, and every minister will admit that while we send in many suggestions for Throne Speeches, we are never quite sure which will be acceptable and that's one of the times in each year when the normal process of going through all the hurdles isn't necessarily followed. So some of the thoughts came through a little faster than would normally have occurred had been taking the steps in order. It's as simple as that.

That's why, when people ask—

Mr. Wildman: In other words, it was the Premier's idea.

Hon. F. S. Miller: No. It just means that he accepted the germ of an idea that as yet has not had the policy beneath it fleshed out.

That's pretty normal in a Throne Speech. I make no apology for it. It's the time of year when in fact those of us who are red-hot to do something do a little lobbying ourselves to see it get in a speech. I can suggest that's the same way as we got regeneration back in last year. I think it's a great system because once the Throne Speech includes a basic statement of policy, the ministry then has the right to go forward and develop the details of that policy. I saw it as an advantage rather than a disadvantage.

All those questions have been dealt with and I will be answering them as quickly as I'm given the permission, and I'll have to check because I've missed the last two sessions of cabinet.

Mr. Foulds: Could you give us some idea—I imagine it would be under this vote—how many lots came onstream last year for leasing?

Hon. F. S. Miller: Maybe somebody can give me the actual number; I recall 2,200 was the figure since the policy began. The target was 1,000 per year. The target, I believe, has not been reached in any one year. Mr. Keenan, do you have the figures there?

Mr. Keenan: Mr. Chairman, bearing in mind that this is kind of a buildup from a start in about 1974, the number put on the market last year was 226 and the number leased was 212. We expect this year to have about 700 lots on the market before the end of the summer, which would include a carry-over from last year and an additional 512 lots. That's an estimate, all things going well.

Mr. Foulds: At this stage, though, you don't know whether they're going to be for lease or for sale.

Hon. F. S. Miller: They will be for sale.

Mr. Mackenzie: Will they be auctioned?

Hon. F. S. Miller: I think it's safe to say that—

Mr. Hennessy: For Ontario residents.

Hon. F. S. Miller: There have been a number of policies followed, as you know. Auctions have been used and appraisal systems have been used. Again, Mr. Keenan can tell me whether we're using both currently, but in certain cases the demand on a specific subdivision exceeds the supply and we have gone to a lottery system where names are drawn from a hat and those lucky people who win, I guess, have the option to buy those lots.

Mr. Keenan: Mr. Chairman, I would add a little to that. I guess we could say the favoured system is the lottery, the draw, sim-

ly because it places everybody on an equal footing, as opposed to an auction which obviously can be dominated by the person with the most dollars in his pocket. We feel that generally the draw is fair.

On the other hand, inasmuch as we are disposing of cottage lots on the basis of market value, in areas where lots have not been marketed, market value may be difficult to determine. In these cases, disposition by tender or by auction assists us in arriving at some indication of market value. Most of them are disposed of by public draw.

Mr. Riddell: I know where you can get a good auctioneer and it will only be for the price of a lot.

Hon. F. S. Miller: Who?

Mr. Chairman: No soliciting here, I'm sorry.

Mr. Foulds: Do you recover the costs of servicing, generally speaking? What I hear that you have used three different systems, presumably with those at market value you do recover more than your costs of servicing. But with the others, do you at least meet your initial servicing costs?

Mr. Keenan: The policy is that our costs be recovered in all dispositions.

Mr. Foulds: That's all for now, although might come back to this item.

Mr. Hennessy: I'd like to ask the minister, regard to the lots that you were discussing it came up a little earlier than I thought would—I am concerned about speculation, about the people who will tender. We've had it happen in the city of Thunder Bay that an employer gets his employees to tender on different lots and he winds up with quite a few lots in the end. At that time, nobody speaks English when you ask him a question. I'm saying I'm concerned that the people with a lot of money are going to flood the market for choice lands and try to grab a large chunk of it in some area and wind up with their relatives and friends having the majority of land. Is there going to be any safeguard so that each person can get only one lot? They may put in 50 bids and wind up with 10 or 15 lots. I don't think that is fair, to some extent. Is there any precaution that one person can't wind up controlling lakeshore?

Hon. F. S. Miller: It is difficult for me to talk about that issue without covering the kinds of discussion we have had in terms of getting this policy to cabinet. Certainly that is one of the issues that we have been looking at. The hope is that we will have enough lots around to meet the demand. In most situations that is the best way to prevent

undue speculation. The second thing is that we will have a requirement for building before transfer of title.

Mr. Hennessy: If a person happens to be fortunate enough that in the first 10 lots drawn, he draws four of them, why should he get lots one, four, six and eight? Should he not have a choice of taking one of them and forgoing the other three, because it means that they have four lots out of that first 10? As I say, if a wife and a husband happen to be lucky and one is first and the other is tenth, that means they have two lots in the first 10 in the same family.

Hon. F. S. Miller: Because that very issue is being discussed and because there will be an opportunity, I am sure, both for cabinet and caucus discussions, I really can't state a position on it until I have passed those hurdles.

Mr. Hennessy: Can I also ask you another question? What procedure to acquire lots is going to be followed locally in the city of Thunder Bay? Will they be going to the Natural Resources at the mini-Queen's Park there to fill out forms or can they get the information now and put their names in in advance?

Hon. F. S. Miller: That is certainly a question that has been asked by a good many people in the last short while. We have to make our system clear. Obviously, you will not be able to advertise the existence of subdivision lots throughout the province because of the sheer cost of doing that. Mr. Keenan should be the one to talk to about the present system of advertising existing subdivisions and to give you some clues on that.

Mr. Keenan: The normal process now is for us first to attempt to get some handle on demand. That is principally a product of the number of inquiries that are being made, for instance, in an area such as Thunder Bay. On the basis of this, we try to plan for cottage lots that would serve that demand as well as we can. When people make inquiries to whatever office, and we get many inquiries in the main office here, generally it is an inquiry such as: "Where can I get some cottage land?" There is a standard kind of letter that goes out to them indicating what the general rules of the game are and how they would go about finding specific information about the particular area they are interested in. In other words, we would send them a map of the province showing the districts and the addresses of the district offices and suggest they then get in touch with the local district

manager. In that case they can then pursue their particular interest in their area of interest.

One of two things will happen. There will be some lots available, perhaps coming up for sale this summer, at which time the district manager would indicate what the plans are, and would promise to let them know when it was going to happen. They would arrange if they are interested to attend, let's say, the public draw.

[10:00]

If, on the other hand, there are no lots, the individual would be notified. This, in turn, would go into the file of information that would suggest that perhaps we need to attempt to find and develop some additional lots in that area. That's the kind of process we've been through.

Mr. Hennessy: Mr. Keenan, could I ask you one more question? What safeguards or guidelines will be set by the cabinet in regards to a person buying a lot and being an absentee owner? They buy it, maybe for speculation purposes, and they leave it for two, three or four years without using it. This has happened. Mr. Foulds can tell you the same thing happened in Thunder Bay where a lot of people became rich overnight.

Hon. F. S. Miller: First of all, I have to tell you I don't disagree with speculation. That's a personal opinion, it may not be a cabinet opinion.

Mr. Hennessy: I've had that experience being a member of city council.

Mr. Wildman: You don't disagree with speculation?

Hon. F. S. Miller: I do not disagree with speculation.

Ms. Bryden: Why did you bring in the land transfer tax?

Hon. F. S. Miller: I didn't, my government did. There was a speculation tax on housing in southern Ontario because there was a heated market which at that time required some special measures, and those measures haven't passed yet. Because we had tantamount to a 1929 stock market condition at that time, we had to take the heat out of an otherwise abnormal market and that did it quite effectively.

I would simply say that speculation is something we can try to legislate against in every form we wish and still not prevent it. What we have to do is set conditions which make speculation that works against the eventual property owner not so attractive. Those are going to be built into the fact that a title does not change until the buildings

are up, that's traditionally been a part of the Crown sale requirement.

Two of the things we're giving some attention to are an increased size of building and an increased value of building. It will be a little harder now to put up a tarpaper shack and meet our basic requirements. Those are the kinds of approaches we're taking; and also the fact that Americans will not have the right to be in the purchasing market from the Crown.

Mr. Hennessy: Is that permanent or just for a few years?

Hon. F. S. Miller: I can only speak for the government of today.

Mr. Hennessy: Which may not be the government tomorrow.

Mr. Wildman: It won't be the government tomorrow.

Hon. F. S. Miller: With the help of the member for Fort William, it will be.

Mr. McGuigan: Last summer, during the month of August, I think, the ministry moved to stop a private developer who was building a dike in the west—

Mr. Lane: Mr. Chairman, are we leaving this matter?

Mr. Chairman: No, no; we're still under—

Mr. Lane: I want to talk about the same problem we were talking about.

Mr. Chairman: We'll get around to you, Mr. Lane. I have you down on the list.

Mr. Lane: Not the way you worked it last time. You got rid of me.

Mr. Chairman: You left on your own. I didn't throw you out.

Mr. Lane: I had to go to another meeting.

Mr. McGuigan: My question has to do with land titles. The ministry stopped a private developer who was taking off the western end of Rondeau Bay. I'm wondering what the status of that is at the present time. The fishing operators are concerned about the coming season; and, of course, the land developers are concerned as well.

Hon. F. S. Miller: I would have to go down and get the up-to-date information. It happened, interestingly enough, that I arrived at Chatham international the day the heat was on and trucks were dumping the fill in Rondeau Bay. It was an interesting case in so far as the landowner was concerned. He was diking for pumping purposes and for agricultural purposes, as I recall. He was, in so far as he could tell, putting fill on land to which he had title, rather than filling, as often is done, the base of

rown land. The issue hung on whether or not the Crown had recaptured title because of erosion and flooding. In the interests of saving the courts decide that kind of an issue, I authorized my staff to get an immediate injunction to prevent the damage from being done while we argued about the legalities of who owned the land.

That's as far as I can take you. From here on I'd have to go to the district office to find out what really happened in the courts and what happened to the spawning beds for the fish that the tourist operators in that particular area were concerned about.

Mr. McGuigan: My only concern is finding out the present status of it.

Hon. F. S. Miller: We can get that for you, and I'd be glad to report back either through this set of meetings, or if it doesn't come back to me quickly enough in the house.

Mr. Mackenzie: I have two or three minor questions. For a number of years myself and a few of my friends were trying to move in on some lots on a lake called Weslemkoon Lake where there were 35 lots staked out. We kept getting delayed in the sale or the auction of those lots. That was over a period of two or two-and-a-half years. Finally, we missed on two or three other auctions that we would have participated in, we got a notice from the ministry that they were not going to be disposed of. I doubt there was an awful lot of cost involved, but they had been surveyed and there were stakes in and around the whole works. How many parcels of land would we have around the province where for whatever reason—usually based on the capacity of the lake—we have cancelled out a lot of lots that were staked out? In this case, there was some fair publicity for better than 10 years that they were going to be disposed of. We were told the fall, then the spring, then the next fall, and the next spring; before we finally got a letter saying they weren't going to dispose of them.

Hon. F. S. Miller: I have no idea. One of the things I suggest to the staff, in terms of setting lots on the market for anticipated increase in demand, is that we look over what we would call the shelf subdivisions that have been created on paper and which for one reason or another—usually the kinds of competition for use that Mr. Wildman was referring to earlier—have not reached sale. It may be, for example, you are on a trout lake.

You are on a trout lake, the ministry probably ruled that no subdivision would go ahead because the biologists won out over the land section. Those are the kinds of reasons which have in many instances delayed, I

would think, the creation of the subdivision, assuming that we ever created a subdivision on a trout lake. Mr. Keenan can fill in anything else from his intimate knowledge of all the operations.

Mr. Mackenzie: What I really wondered was what took so long to give people who were in almost monthly contact with the ministry some real answer in this case. There were about two years during which I personally was trying to get in on an auction.

Hon. F. S. Miller: You're trying to get me to give a couple of answers I may regret, but I won't.

Mr. Mackenzie: The location was West Bay on Weslemkoon, to be specific. There was no road access, it was lake access.

Mr. Keenan: Was this some years back?

Mr. Mackenzie: It's going back, I guess seven or eight years.

Mr. Keenan: Without knowing the specifics of that subdivision, in 1972 the Ministry of Health brought in the new environmental standards that related to the site requirements for summer resort developments. At that time we had, I suppose, several thousands of lots throughout Ontario that were essentially wiped off the map because they could not meet the new requirements. Knowing something of the Weslemkoon Lake area, I suspect that's the answer.

I'm afraid I can't comment on what the problem was in conveying that answer to you. Mr. McGinn is nodding that that would be the case here.

Mr. Mackenzie: Are there any of these lots that have subsequently been put on the market?

Mr. Keenan: I think a re-examination has brought some of them on, based on upgrading the lots where fill can be established to the five-foot depth of whatever. This has happened but, nonetheless, many were lost that were, as I say, just essentially wiped off the inventory.

Mr. Mackenzie: Leading from that is an experience of which I've also had some personal knowledge. One of your people was good enough, without listing any person or developer, to direct me to a certain area, and I ended up buying a lot with a frame on it, which we have been working on ever since. It is up on the Madawaska River.

I might have been there had I not been stalled for two years waiting for an auction on this other property. We came in about a year following an auction on more than 100 lots on a stretch of the Madawaska River, which is one of the few areas where they

weren't all taken up—less than half, I believe—in that particular sale.

One thing that has bothered me in the neighbourhood we're in is that a number of lots were purchased by both husband and wife, which I gather was legitimate. There is one such lot exactly four lots from my particular area where there has been a tar-paper shack on it for five years; the lot, I understand, went for less than \$1,500 in that particular auction. Because the building was beginning to disintegrate, they had to do some upgrading on it just during the last year, and yet that particular place is for sale at \$26,000 right now.

You may agree with speculation, Mr. Minister, but it seems to me it is a little bit much when there are a lot of people who are looking for lots and can't find them.

Hon. F. S. Miller: I wonder if Ms. Bryden would like to comment upon the right of a wife to buy a piece of land.

Mr. Mackenzie: I am wondering about two in the same family, because one obviously was bought strictly for speculation. This is the point I am raising. The couple happen to be living in another one about half a mile further down the river.

Hon. F. S. Miller: We recognize that as a problem; it is one of the issues being discussed. I have to say to you, when you talk about the complexity of government regulations, it is because you try to foresee everything a human being can do. All I can tell you is that no matter how much you try to put something into regulations to prevent a person from doing something, he or she who is determined will find a way.

Mr. Mackenzie: My concern, Mr. Minister, is that there are a lot of people who want lots; and my understanding is that there is a shortage of good lakefront or riverfront lots for people. To me, this is an obvious misuse.

Hon. F. S. Miller: The answer lies in supply, to a large degree. I think as long as we can have a competition—in other words, lots to spare—then we will take away from some of the attractiveness. There will, of course, be appreciation in value of land. When I talk about speculation, don't misunderstand me. I am not talking about wild marketplace trading from A to B to C. That's why we will have a requirement, as we always have had, for a building prior to transfer; and why our requirements, without being specific, will increase both in dollars and in size. We feel our purpose was to get them into the users' hands through the Crown lot process, recognizing that is our major purpose but realizing we may appear to be

putting safeguards in that may not be practicable when the day comes.

Mr. Mackenzie: I guess that's really the point I am getting at. I could have sold my own place a number of times since. I happen to love the spot, so I am not interested in doing that. The fact is, however, there is a lot sitting here vacant that someone would like to have, but it has a pretty doggone high price.

Hon. F. S. Miller: Could I buy it from you for \$1,500, since you are against speculation?

Mr. Mackenzie: No, you couldn't. And I don't think that's the argument. The argument I am making is, why was the one family allowed to buy two, one of which now clearly is for speculation?

Hon. F. S. Miller: First of all, I would have to go back and find out if they both bought them on original sale or not.

Mr. Mackenzie: Original sale; I checked myself.

Hon. F. S. Miller: Secondly, I'd have to find out what the rules were. But I suggest to you that in many arguments, I am saying only half facetiously, that a husband and wife are married, fine; that is not a permanent state in today's society. In fact, the rights of both spouses are recognized in law as individuals; and I have to question whether you are not infringing upon some of the things you are talking about in other arguments when you say either/or may not own land in their own right.

Mr. Mackenzie: Is this one of the items that is under consideration, or has it been given any consideration at all?

Hon. F. S. Miller: It is being given consideration.

Mr. Mackenzie: Have you got any assessment as to the shortage of lots and the demand for lots in the province? Do you have any idea of that at all?

[10:15]

Hon. F. S. Miller: No, I don't have. Bear in mind that our history is based upon the availability of lots in the last six years through leasing. The very arguments we have had for going to the sale, related to the increased desirability of possession that would result from ownership, appear to have sparked a very real increase in interest for Crown lots, if the calls to our various offices are any indicator. It may simply be pure initial reaction—but I doubt it.

I was in Thunder Bay the other day, and there was a note left on my desk from an employee of the hotel saying: "Would you

peak to me before you go? Explain to me something about the program because we are very anxious to get some land." You get in a taxi. The guy identifies you and says: "Hey, are you tell me about the land you are selling?" I was down in Lambton county last night talking to hunting and fishing people. Before the evening was over, I was ordered by a group of people who wanted to know, "How do I find out about this land?"

So I suspect the program is having its first desired objective—that is an increased demand for the lots. I suspect our ministry will be hard pressed for a short time to meet that demand and under the safeguards we are putting in, if 90 per cent of it doesn't go to Ontario residents and the other 10 to Canadians, I will be astounded. In fact, I will be surprised if it's even as low as 90 per cent to Ontario residents with a one-year advantage over everybody else.

Mr. Mackenzie: One final question then, Mr. Minister. Just exactly how, if we are going into the disposal of these lots, are the people made aware of what is available? It happened strictly by chance in both cases, Madawaska and Weslemkoon—how do they know?

Hon. F. S. Miller: Well, I think they can now. What are the responsibilities I have to a purchaser? If you wanted to sell your lot today, you would take one of two routes—three routes, maybe: give it to a real estate agent to handle; put a sign on it yourself; or advertise it in the Toronto, Hamilton or Brantford papers or wherever you happen to be and handle it yourself. Now, the Crown is in a situation where supply may not meet demand and in the interests of minimal sales costs, will probably depend upon the purchaser doing a bit of leg work as described by Mr. Keenan. If you want a cottage in the Gogama area, for example, you would go to Blind River or Gogama district offices, depending upon your specific area or you would drop them a letter and say: "Are you doing something? Please let us know." I think most of us have enough initiative to get out and do a little hustling around to stake out the area we are interested in—driving distance and times being critical for many of us—and to do that homework. But if we get to the point where demand isn't as great, I suppose we will have to look at more costly mechanisms of making the public aware.

Mr. Mackenzie: So where in the ministry would somebody go, such as the two or three people who expressed interest to me at the time? Most of them have made other arrangements now, but where in the ministry

would they now go if they wanted to find out if a survey such as that as Weslemkoon or somewhere else was available?

Hon. F. S. Miller: Hopefully, we will have some head office information for you, so that people contacting Queen's Park would be able to get some degree of detailed information. I can't make that promise yet but it would be my hope that the staff can work that kind of detail out just as we provide centralized information on many things in Toronto for convenience, even down to the availability of campsites at certain times of year. So it is not unlikely that generalized information would be available to guide them—not necessarily updated to the last minute but generalized information.

Mr. Chairman: Mr. Lane, your hour has arrived.

Mr. Lane: Thank you, Mr. Chairman. I thought you would never ask.

Hon. F. S. Miller: It's time to adjourn the meeting.

Mr. Lane: That's what happened on the last vote. I never got to ask the question that was so important to the world.

Mr. Foulds: I will distract the Chair.

Mr. Lane: The thing that bothers me is that you are pretty nearly half-way through the estimates and I haven't yet had a chance to embarrass the minister.

Hon. F. S. Miller: John, you did the day you sat beside me.

Mr. Lane: In any case, I don't want to embarrass you on this particular matter.

Mr. Foulds: That's unparliamentary. Make him withdraw it, Mr. Chairman.

Hon. F. S. Miller: You have got to understand, we came into the club together.

Mr. Lane: That's right. You used to borrow certain things from me. I don't mention it this time.

Hon. F. S. Miller: You'd better not.

Mr. Lane: I hold it over him.

Mr. Foulds: Imagination runs rampant.

Mr. Lane: I'm not going to try to embarrass him in this particular position, because I understand the matter we're talking about is probably still in caucus and there are only certain things you can say about it. One thing maybe you can tell me is, will a person who is now leasing have the opportunity to buy that lot?

Hon. F. S. Miller: That is, in fact, one of the issues that's coming up, and I have to qualify my answer right now.

Mr. Lane: Okay. The other situation with regard to these lots is that we're talking about recreational uses; I assume that means cottage development. Is there anything that says I can't winterize my cottage and make it my home?

Hon. F. S. Miller: That's an interesting question. Section 17 of the Public Lands Act has certain qualifications in it which we were concerned about in terms of the construction that can go forward on Crown land in unorganized townships. Is that right, Mr. Keenan?

Mr. Keenan: Yes. This is a question under discussion. For instance, under the lease arrangements it is a provision of the lease that this not be done because of the costs imposed on society in general, I suppose, in servicing that kind of facility. In organized areas, of course, this would be controlled by the municipality in normal ways. In unorganized areas, were we to make that stipulation, that could be up to the ministry, and one of the vehicles available is a restricted area order under section 17 of the Public Lands Act where you can prescribe conditions.

Mr. Lane: The reason I'm asking that question particularly is, as you know, Mr. Minister, we're very short of housing in Elliot Lake. Also, there are some pretty attractive places for cottage development, and it's more and more becoming the case—in Manitoulin, anyway—where the guy winterizes his cottage and retires to it as a home.

Hon. F. S. Miller: I'd like to make a comment from my own experience in Muskoka. Once a person has land in fee simple in an area that may be zoned for seasonal residential—I'm now talking of an organized municipality—in theory seasonal residential prohibits the use of a home for year-round purposes. In fact, it does not.

Mr. Lane: But surely in many cases these lots are going to be available on lakes in the great north that aren't zoned.

Hon. F. S. Miller: All I'm saying is that either section 17 or even those more highly structured rules and regulations under the zoning bylaws of municipalities have had real weaknesses. I don't want to get into a philosophical discussion about what rights a person has to use a piece of property for year-round living. Municipalities have darned good arguments, as you know, for trying to prohibit it. I'm not convinced I agree with them.

For example, if you could define seasonal residential for me clearly enough to tell me

when I may or may not use my cottage as a cottage even—in Muskoka today a good percentage of the cottages are in use most weekends—then I stretch it to staying through one week and I take four months off to go to Florida, when is it a cottage and when is it a home? I think one would have real difficulty in court in defining the difference.

Mr. Lane: I think this is something that should be looked at rather seriously because under present conditions we know there is a goodly number of young people who will never be able to afford a home in an urban area, but they very well may be able to afford a cottage now that could be a retirement home later. That's a pretty attractive situation, because they can say, "We're going to buy a cottage; 15 years from now we're going to retire. This will be our retirement home." And for that reason they will make a pretty good job of building that building.

Hon. F. S. Miller: You know the ways municipalities discourage it. A week ago Sunday I delivered a 50th anniversary plaque to some people who had a seasonal residential home for permanent purposes, having done just what you described.

Mr. Riddell: You don't have to do that to get re-elected, Frank.

Hon. F. S. Miller: I tell you, mine's a touch-and-go riding. Anyway, I had not visited them on the particular lake they were on. I was told to wear my rubber boots. I didn't. What I didn't know was the township didn't plough the mile and a half of road to their cottage. I trudged the whole distance in and out and I think they were the most surprised couple in the world. That is a standard technique a municipality will use when somebody has used an unzoned or improperly zoned piece of land for purposes they don't agree with. They simply don't provide any services to that piece of land. They will not run a school bus down the road if there are young people. They will not plough it in winter. They may not do anything to the road in summer in the interests of restricting that kind of use.

Mr. Lane: I agree it has its problems but it also has its benefits.

Hon. F. S. Miller: I happen to agree with you.

Mr. Lane: I hope it is looked at pretty carefully. I had another one on my mind but I can't think what it was. You've got me so distraught here.

Hon. F. S. Miller: Now you wonder why I was afraid to sit beside him.

Mr. Lane: Are you going to quote a ballpark figure on the number of lots likely to be in the marketplace this summer?

Hon. F. S. Miller: The 700-odd was mentioned and the target for previous years had been 1,000. I don't think one should conclude that the target is 1,000 in the future. I think the target will depend upon the kind of demand we find at the end of this first year.

Mr. Lane: Have you any idea really at this point in time, or is this a breach of confidence, where basically these lots are going to be?

Hon. F. S. Miller: No, I can't answer that. One of the things I would point out is that the Indian land claims in the Timiskaming-Temagami area will virtually eliminate that section of the province. We will have some of the most accessible lands in your riding I guess.

Mr. Lane: I wanted you to say that quite a while ago. We could have short-turned this discussion, if you had said that at the start.

Mr. Chairman, seeing that we haven't got time for another speaker, maybe I could ask a question that is out of order.

Mr. Chairman: Maybe. Try it.

Mr. Lane: I can recall very vividly the other day I started to speak and you said: "Shut up. You are out of order." I had to go to another meeting at 12:20 and, in the meantime, you passed the vote.

Mr. Chairman: That's the way the cookie crumbles.

Mr. Foulds: Why didn't you let us know?

Mr. Lane: Maybe the question has been asked and I can read it in Hansard but I haven't read it yet. In his opening statement, the minister indicated his interest in decentralizing the ministry. I am just wondering, in view of the select committee report on Inco—

Mr. Chairman: You are out of order.

Mr. Lane: —and the 2001 meeting in Sudbury, has this any bearing on your thinking?

Hon. F. S. Miller: Yes. I have chosen the new site.

Mr. Lane: Is it Manitoulin?

Hon. F. S. Miller: No, I thought Bracebridge sounded good.

Mr. Lane: I'm just asking a question that I think has some sense to it.

Hon. F. S. Miller: In the initial remarks, we mentioned that a pretty concentrated attempt will be made over the next couple of years to move people out but it will not be necessary to a centralized non-Metro location. Rather it will be back to the field in the existing 49 districts in the eight regions.

Mr. Lane: I'll land another question in the minister's lap before the Chairman rules me out of order, and I'm sure he wouldn't. As you know, there has been a great growth in the town of Elliot Lake. We are going to be looking for about 40,000 people there in a few years. They are asking for higher visibility from your ministry every day of the week for various reasons. Seeing that they are farther away from Espanola or Blind River than Espanola is from Sudbury there might be some thought given to some establishment there.

Hon. F. S. Miller: I am sure when you see a community—

Mr. Wildman: Don't move from the Blind River district to Elliot Lake.

Hon. F. S. Miller: I would never let political considerations influence my decision.

Mr. Foulds: Why is the staff laughing?

Hon. F. S. Miller: But I would think a community of that size demanded special attention.

Mr. Lane: Thank you, Mr. Chairman. I think we evened the score now. I am back on even footing and no grudges are held.

Ms. Bryden: I'm sure I'm on the list.

Mr. Chairman: So is Mr. Wildman, but it is 10:30 now anyhow. We shall adjourn until next Tuesday night, April 25. May the Lord help us in that case.

Mr. Wildman: If we are still in session.

The committee adjourned at 10:30 p.m.

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From the Ministry of Natural Resources:

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 Keenan, J. W., Executive Co-ordinator, Lands and Waters
 McGinn, J. R., Director, Lands Administration Branch
 Ringham, L., Assistant Deputy Minister, Northern Ontario



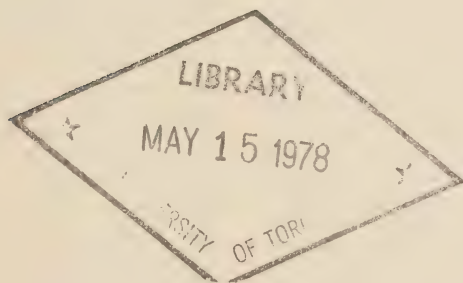
No. R-13

Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee

Estimates, Ministry of Natural Resources



Second Session, 31st Parliament

Tuesday, April 25, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, APRIL 25, 1978

The committee met at 8 p.m.

ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

On vote 2402, land management program; item 7, land, water and mineral title administration:

Mr. Chairman: When we adjourned last Thursday night, I think Ms. Bryden was first in line. Do you have any comments to make under this vote?

Ms. Bryden: Yes, Mr. Chairman, I wanted to discuss further this new policy of selling Crown land for cottage purposes instead of leasing it. I looked up the 1971 Throne Speech, and from reading it this would appear to be one of the greatest flip-flops in history, although flip-flops by the present government are not unknown.

Mr. Chairman: No politics, stick strictly within the vote.

Ms. Bryden: The 1971 Throne Speech said this: "To further preserve our heritage, Crown lands will henceforth be made available only on a lease basis. The government will thus retain control over ownership." I understand this was based on a study the ministry had done in 1971, or published in 1971, on the disposition of public land for cottage purposes, which showed that of the cottage properties which changed hands in the past 21 years 17.7 per cent went to non-residents. Of those, 3.3 per cent were Canadians and the rest were foreigners.

However, it isn't entirely the foreign ownership question that I want to discuss. It's the whole question of whether leasing or selling is the best policy for the disposition of cottage land. I would just like to draw attention to this report of 1971 on the disposition of cottage properties, which says: "The goal of the department is to provide for Crown land and waters and to encourage on private land and waters a continuing combination of resource development, outdoor recreation and quality environment most consistent with the social and economic well-being of the people of Ontario. Many objectives have been adopted to meet this goal, one of which is the land management

objective. This objective is to strive for co-ordinated land and water resource management within the framework of government-wide quality environmental goals through planned land use allocation and control, environmental protection and inter-agency co-operation so that optimum social and economic benefits accrue to the people of Ontario."

The final comment in this report is to this effect: "It appears that the present method"—and that was sale of Crown land—"of disposing of Crown land falls short of the new departmental goal and objectives because it does not meet the environmental standards and the social and economic benefit criteria of these objectives. To meet these criteria would require revision in the rate structure and the imposition of more adequate control over land use."

That report found the sale of Crown land for cottage purposes wanting, and as a result of that report the government went to leasing only. Now they are flopping back to sale. I would like to ask the minister if they have changed the views that were expressed in that report, change the objectives that were expressed in that report to develop our property for the social and economic benefit of the people of Ontario, to maintain environmental standards and so on.

Some of the criticisms of what happens when you sell land rather than lease it, are relevant. This report draws attention to some of those criticisms. For instance it says: "Land severed from the Crown by patent is usually removed for all time from the public domain and may only be returned to it by purchase or expropriation." We know that, of course, but it's something worth reminding ourselves about.

Secondly: "Patent in most cases has not provided for post-sale control of land use." That can mean the land can be sold again to a non-resident, for example, that the use can be changed within any zoning by-laws, that the Crown, in effect, has lost control over the use forever unless it expropriates or purchases.

Thirdly: "The past practice anyway had resulted in relatively little revenue accruing to the province through the initial sale of public land for private cottage purposes."

That does not mean that the purchaser was not able to sell at considerable capital gain because of the system in the past where sale prices were very nominal; it could, of course, be sold at market value.

The fourth criticism was: "Sale at prices fixed by regulation on a province-wide basis do not reflect market value." This is a question I would like to ask the minister, is he planning to sell at market value?

Another criticism is: "Cottages on land sold and patented may be used for full-time residency. This residency has created needs for government and municipal services not usually associated with part-time cottage use." I know that can be a very serious problem. If all of this land is to be available for full-time residency it may create very serious municipal problems. Of course, there is one advantage that they point out with sales: All administrative costs terminate when the patents are issued.

Those are some of the considerations I would like the minister to answer, as to whether they have taken them into account and whether they think the new policy will overcome some of these objections.

The second point I want to raise is whether the terms of the sale will be submitted to the Legislature for consideration. I think the minister made a reference to the fact that the terms and regulations were being discussed in cabinet and in caucus, meaning, of course, the government caucus. It seems to me this is a subject of sufficient importance that the entire Legislature should have an opportunity to see the regulations before they are passed, to see them in draft form and to debate the terms of sale, if we are going to have sale. From what I've read, the advantages of sticking to the lease procedure seems to me so overwhelming that I would much prefer to see the minister say that he will stick to the lease situation.

Hon. F. S. Miller: I think I can assure you we won't, so we will, therefore, have to have a discussion. In 1971, the report expressed properly the opinion of those people who had looked at the situation. I think a review in 1978 shows that the maximum social and economic benefits for the province were not achieved through the lease of land. I think I answered this whole issue fairly completely in responding to the critics' initial remarks, either the Liberal or NDP critics. I am quite pleased to repeat it, though. I simply pointed out then that there were two bases for me as a minister endorsing the sale of land.

One was my belief that ownership of land is something that differentiates our system of

government from socialist systems of government. We believe in the ownership of land and I believe that the ownership of land gives benefits to the holder of that land far and above the kinds of things you see as the potential gain in a marketplace. The ownership of land is a satisfaction that even the Communist systems haven't been able to eradicate. It is something they have had difficulty with in their land reform programs in almost any country where they went; if you go to Cuba, you will find people on the land still and the government has not made much action to move them off it either.

I would suggest to you that again we are displaying one of the fundamental differences between my party and I suspect even the Liberal Party, because I think they are on our side, and your party on this, in that we believe in the ownership of land. We believe the maximum economic benefit comes to the people of the province through the sale of that land and that the aberration—and that's what it is, because Crown land has been sold since the province was created, I guess—of the last few years of leasing land has shown the advantages that theoretically accrued to lease were not in fact there. The idea that one gets a good economic rent for the owners of the land, that is, the residents of Ontario, is false. You don't. Look at some of the lands we've been leasing, and look at the return on them. The idea that you can terminate those leases easily and get them back in the public domain, which is the main argument, is not clear. Where we've tried to do so—

[8:15]

Mr. Wildman: I suggest the main argument was attempting to keep them out of foreign hands.

Hon. F. S. Miller: You get very hung up on this issue of foreign hands. Our policy was clearly stated to be a sale to Canadian residents, on a one-year basis to Ontario, second-year to Canadian, and third-year lease only to Americans on the initial transaction of Crown land. The issue will have to be decided and will be looked at in the process.

Do you treat this Crown land any different from the way you treated any other Crown land in the past? Do you in fact put clouds on the title that say you can sell it to anybody you want to but not to an American, or a person from Quebec, or a person from Manitoba? I don't think we've done it with the land you currently own. I think if we did it to the land at Mr. Gaunt's farm or to some of the houses that some of you

people own, you might be rather upset if the buyer with the most bucks happened to be American. It's a great thing to have all these principles until it's you who happens to be making the sale.

The other night I offered to buy back land from one of your party members at the price he paid for it. He wasn't about to sell it. Don't forget that there's a 20 per cent American duty on the purchase of Canadian land right now and that by itself is a very real deterrent on the purchase of land.

Mr. Riddell: It's sure not stopping foreign people from coming over and buying the farm land.

Hon. F. S. Miller: Twenty per cent is a big surplus. It's also not stopping Canadians from going down to the state of Florida and buying a great deal of land at the present time, an advantage I would suspect maybe even some members around this table have, if I were to check the ownership of foreign land around here.

As to post-sale controls, I think as time goes on, there will be all kinds of control of the use of land. You know, land use planners, given their way, in many cases would not have the sale of any land in any place simply because they find the alienation of land through sale interferes with their ability to tell you what to do with it. Well, I say too bad. Again it happens to be one of our beliefs that the individual has certain rights within the overall zoning and planning framework of the province. I think that in fact we are taking a route that will get the maximum benefit.

With regard to environmental controls, I don't see what difference it makes whether land is leased or not leased. If you are going to protect the environment, you are going to protect it. You are not going to deal differently with a leased piece of land than you are with a sold piece of land.

It's true that in the past we didn't have very many requirements for environmental protection. It's true that when we started this out, the Ministry of the Environment, for some reason, was quite willing to let us do certain things if we owned the land but not let us do other things if we didn't. I found that a bit mystifying, why they would have a double standard, one for us and one for a private person, but I think we've managed to circumvent them.

Ms. Bryden: What about my question as to whether the regulations could be brought in draft form to the Legislature for debate?

Hon. F. S. Miller: No. Regulations, by tradition, are not brought to the Legislature and I am not about to bring these.

Mr. Wildman: Except in relation to OHIP.

Ms. Bryden: I am a little surprised when the minister says that leasing is a socialist approach and selling is his party's approach. Was the 1971 Conservative government a socialist government?

Mr. Wildman: God forbid.

Mr. Foulds: Governments like that give socialism a bad name.

Mr. Chairman: Let's stick to the vote and item, please.

Ms. Bryden: I haven't quite finished, Mr. Chairman.

Mr. Chairman: We have a heavy schedule here.

Mr. Yakabuski: Didn't Lewis buy up some of Brown's Camp farm recreation land within the last few months? I had a call from Hali-burton about two months ago from a very concerned citizen. David Lewis had bought up some prime recreational land from Brown's Camp.

Mr. Wildman: David Lewis?

Mr. Foulds: Is that right? Were you able to substantiate that?

Mr. Yakabuski: It was just a call I had. They were upset about it.

Mr. Foulds: Did you check it out?

Mr. Yakabuski: No—

Mr. Chairman: Order. Ms. Bryden has the floor. Please continue.

Ms. Bryden: Regarding the minister's statement that land should be available to whoever wants to buy it, when you're dealing with a very scarce commodity I think there is an argument for exercising more public controls over it and perhaps allocating it not entirely through the market but through some sort of lottery system.

Hon. F. S. Miller: I didn't deal with that. In my opening remarks I mentioned we will be selling for market price—whatever market price is—arrived at by qualified appraisers and, if there was a supply-demand imbalance where demand exceeded supply, we would probably go to one of the systems we've used in the past of lots being drawn. That's been a fair system and generally has been accepted by the people in the lottery as fair either through the lease process or through the sale process.

Ms. Bryden: I certainly think we should have some sort of modification of the market system. Otherwise, what you're going to end

up with is cottage property being in the hands only of the very well-to-do. As you know, we've pretty well priced the ordinary working man out of the possibility of buying a home. But in the past he's often been able to buy a cottage and has had some sort of stake in owning a piece of property. You're now going to price him out of the possibility of buying a cottage as well.

Hon. F. S. Miller: No, I don't think so. On the basis we're talking about, if the price was set by an appraiser, it wouldn't be a question of price that was being negotiated in the sale as it would be in a private vendor situation. The price would be determined. Therefore, we would be saying the price is \$4,200 or whatever the appraisal was. People would be bidding on a known amount in the beginning rather than auctioning, as we have done in the past. We have gone to public auctions and auctioned off the land.

Ms. Bryden: Yes, I know.

Hon. F. S. Miller: I wouldn't say that that's totally ruled but the lottery system seems to have had a fair acceptance. An appraised price, albeit it may be appraised low relative to future value, would be a fair way to let most people in. The requirement to put certain improvements on the land prior to getting title would guarantee that speculation in the purest sense—in other words, just for resale of bare land—would be virtually prevented.

Ms. Bryden: There could, of course, be considerable speculation after the property was built.

Hon. F. S. Miller: Yes, but again I don't know that that's a bad thing. I tried to say that the other day. This was where one of your critics or one of your party members was saying he had a lot on the Madawaska. I think he said he paid us \$1,500 for it and somebody was getting \$25,000 for the lot beside him. I suppose that means his is worth \$25,000, and that's when I offered him \$1,500 for his.

Mr. Hennessy: Did he take it?

Hon. F. S. Miller: No.

Ms. Bryden: This is where I think the state should take the capital gain.

Hon. F. S. Miller: The state does take the capital gain.

Ms. Bryden: It only takes 50 per cent. Also if you declare it as a principal residence, it takes none of it.

Hon. F. S. Miller: When it's your 50 per cent, it's a lot of money.

Ms. Bryden: So there are those two loopholes.

Hon. F. S. Miller: I think we're on a fundamental difference of opinion. We could talk all night and I wouldn't convince you and you wouldn't convince me, would we?

Ms. Bryden: No, but when you're dealing with a very scarce commodity, I think there is a situation for considering this.

Hon. F. S. Miller: Let me just put that scarcity into perspective. Out of 220 million acres of Crown land in the province, we're disposing of 500 acres a year. Now take that as a percentage of the whole.

Mr. Foulds: Hold on now. Could I just interject for a minute? How much of that total figure you just quoted is suitable for cottage lots?

Mr. Wildman: How much is accessible?

Hon. F. S. Miller: I just flew over north-western Ontario on Saturday. I would tell you there's a heck of a lot of land in there that's accessible and I would suspect very suitable by most southern Ontario standards. Currently we are setting the highest of standards on suitability. If you had put those kinds of standards we're using in the north for suitability on southern Ontario when it was developed, very few of our lakes would have any cottages on them. In other words, we're using that kind of approach with lake studies and you name it.

Mr. Foulds: Maybe if you keep those high standards, you won't threaten the lakes the way you threaten them in southern Ontario in terms of the fish, in terms of the environmental conditions and in terms of the soil you need for disposal of human garbage.

Hon. F. S. Miller: I have no argument there. I think you'll find we're setting conditions.

Mr. Foulds: Then I don't think you should use the figures you just have in trying to indicate to this committee and to the Legislature the amount of land that is available for cottage lot development.

Hon. F. S. Miller: You've been known to use figures yourself.

Mr. Foulds: What you should be telling us is whether or not your ministry has done the projections on the total potential for genuine cottage lot development in this province. When you say you want to bring 1,000 lots on stream a year, how realistic is that?

Hon. F. S. Miller: The district of Muskoka was bringing on more than that a year until very recently; I would think that if the district of Muskoka could do it in an area of 2,500 square miles, say, then we have an exceptionally modest projection for Crown land development at 1,000 a year. I would

think the kind of projection we have would let us maintain the standards for a long time.

Bear in mind that a good deal of this land is not convenient to major metropolitan centres. The Lake of the Woods area is reasonably convenient to Winnipeg and, of course, it is heavily developed for that reason per se. But there are a good many areas in the north where the travel times would be such that cottages wouldn't be used as we know cottage use around the southern Ontario area where, virtually most weekends of the year and a good part of the summer, people are shuttling back and forth a distance of, say, two to three hours each way on their weekends. In many instances you are talking a day or two's travel to some of these other locations. I think that is one of the major reasons why we wouldn't predict an overwhelming demand for some of the land in these areas.

Mr. Chairman: Are there any further questions, Ms. Bryden?

Ms. Bryden: Yes, I haven't quite finished. I was going to ask the minister what he was projecting would be available this year.

Hon. F. S. Miller: I gave that figure before; 712, is it?

Ms. Bryden: I think you also mentioned here were some in an inventory from last year.

Hon. F. S. Miller: That includes those that are inventoried, plus those that we expect to come on stream this year. I think Mr. Keenan, when he was asked the question, gave the breakdown of how many were brand-new and how many were carried over; he figures are probably somewhere in Hanard, unless he has got them at his fingertips.

Ms. Bryden: I would be curious to know where the ones that were carried over are located, to indicate whether or not they are so remote that they were not sold.

Hon. F. S. Miller: Most of these subdivisions are not what you call remote in the truest sense. We have a remote cottage of program—in fact, the very term means we have chosen locations that are difficult to get to and services won't be available so that people can have, in effect, a remote experience and enjoy it. That's a different kind of thing. We're not selling those, and we don't intend to, because they don't lend themselves to sale with cottages perhaps several miles apart, which really does foul up future land-use planning when you get involved that way. We're talking here about subdivisions with access roads.

The number of Crown cottage lots and subdivisions available now is 186, and the

number of additional subdivision lots expected to be available by coming mid-summer is 512, for a total of 698 — not 712 — that we know of this year.

I can't tell you from the paper I have in front of me just where they are but, again, that's quite easily obtainable if you want to know.

Ms. Bryden: I would be interested in that information.

Hon. F. S. Miller: In the past, though, we can show you, for example, how many in each of the regions and in each of the districts have been made available across the north.

In the northwestern region, which is the Kenora regional office, 469 lots have been created; in the north-central region, which is the region centred on Thunder Bay, 498 lots; in the northern region, centred on Cochrane, 766 lots; in the northeastern region, centred on Sudbury, 510 lots; and in the Algonquin region, 8 lots.

Mr. G. I. Miller: Can we have a copy of that, Mr. Minister?

Hon. F. S. Miller: Sure.

Mr. Foulds: What period of time was that over?

Hon. F. S. Miller: That was the period 1971 till now.

Mr. Foulds: Those were all leased lots?

Hon. F. S. Miller: Yes. Those figures add up to a total of 2,251 leases granted. The number of leases granted is greater than the number of lots because a lease cancelled is replaced by a new lease. A total of 2,207 lots have been produced; and of that, 85 went to non-Canadians in that whole time. [8:30]

Mr. Foulds: In the previous seven years — or was it a six-year period?

Ms. Bryden: No, seven—1971 to 1978—

Hon. F. S. Miller: It will be up to 1977, yes.

Mr. Foulds: In the previous six years, how many lots came on stream for sale purposes?

Hon. F. S. Miller: I haven't any idea right now. If I can find that I'll be glad to look. I'm not sure we even had a program before then. Mr. Keenan, did we?

Mr. Keenan: Yes, Mr. Chairman, there was a program but I don't have the numbers on the sales.

Mr. Foulds: Those would be the important comparative figures if you wanted to get into the question of sale versus lease.

Hon. F. S. Miller: I think in all honesty it's been a function not of what method of

disposal was used but how quickly did the ministry prepare sites for use. I think that really is the issue. Mr. Keenan may be able to help me. Remember we've been going through the SLUP exercise for part of the last six years. I suspect the SLUP exercise and the greatly increased attention to the kinds of lot conditions and lake types and so on has slowed down the process. I'm just guessing that now.

Ms. Bryden: Mr. Minister, the 1971 report shows that from 1950 to 1969, when the sale program was in effect, there were about 25,000 sales of cottage property, of which the report says about 15 per cent were government—

Hon. F. S. Miller: That's about 1,250 a year, then.

Mr. Foulds: But were those new lots or were they total turnovers of sale?

Hon. F. S. Miller: I have no idea. She's giving me figures from there.

Ms. Bryden: That's total turnover I think.

Mr. Foulds: So that would include sale of existing ownership of property.

Hon. F. S. Miller: I don't know. I'd have to see the basis of the statistics.

Ms. Bryden: I just wanted to revert to one point that was raised in last week's discussion by the member for Fort William. It concerned whether or not you would limit sales of one to a family. I think the minister said women particularly would object to being shut out from buying a lot if the husband had already bought one on the grounds of equal rights. I don't feel that is discrimination against women. I think there should be a discrimination against two people who are residing together both being allowed to buy a very scarce cottage lot, because obviously one would then lease it for gain and the other would be using it for occupancy.

Hon. F. S. Miller: Essentially I would tend to sympathize with your point of view, in that we want to get the maximum distribution of lots possible into individuals' homes for their own personal purposes. That's really the objective of the program. You can fall into the trap, as is often the case, of assuming, because you have written a nice tight regulation, that you can enforce it. I only suggest to you there are more ways to skin the cat than meet the eye.

The objective is to do just what you're talking about. We're not anxious to see people going in and buying up chunks of land. I think if we use the lottery system or the draw system, hopefully some mechanisms would be useful that way to prevent it. But you can have a false sense of security by a

regulation and eliminate certain people who would honestly have a justifiable reason for something like this while somebody else is breaking the rule. I have the 'flu, in case you haven't noticed so far. So if my temper isn't what it should be tonight it's because of that.

Mr. Foulds: I thought you were reasonably subdued, instead of aggressive and irrational as you usually are.

Hon. F. S. Miller: I am not reasonable nor subdued. And if you're not pleasant to me I'll come and breathe on you.

Ms. Bryden: On this question of discrimination against women and so on, I would hope that the regulation would be that no person could get more than one lot. Mr. Hennessy has suggested that it's possible or any draw that somebody might be lucky enough to draw two. Possibly you could also add that no two people who are sharing occupancy should each be allowed to have one.

Hon. F. S. Miller: That's one of those things we have been looking at. When I am able to announce the program I can assure you we will have looked at the ramifications of trying to do that. I only say we share your concern and we would like to see that there was the broadest possible ownership of a commodity that we can't create fast enough to meet demand.

Ms. Bryden: I should also remind you that under the new family law which we just passed, any cottage will be automatically jointly owned by both spouses, so that—

Hon. F. S. Miller: As long as they're spouses—

Ms. Bryden: No, after they're spouses they still share it. I mean they have the right to—

Hon. F. S. Miller: That can be even more of a difficulty.

Mr. Sargent: Mr. Minister, you mentioned you have 250 million acres of Crown land for disposal—

Hon. F. S. Miller: No, no, Mr. Sargent, I—

Mr. Sargent: What is the figure you threw out?

Hon. F. S. Miller: There are 220 million acres of Crown land in the province I was told.

Ms. Bryden: All Eddie wants is a few acres.

Mr. Sargent: Right.

Hon. F. S. Miller: I didn't say it was for disposal. I simply was quoting the quantity.

Mr. Sargent: I see. Then would it be fair to say that 90 per cent of all the land in Ontario is Crown land?

Hon. F. S. Miller: You're very close—87, 88 per cent, or somewhere around there.

Mr. Sargent: You are acquiring millions of dollars of land—by the way, you aren't paying for it but you are taking it anyway, as you know. When you buy land, do you acquire the mineral rights for it?

Hon. F. S. Miller: The question is, did the mineral rights go with the original patent? I think one would have to look at the patents and I think there was a cutoff date. Mr. Keenan I am sure can quote the exact date—1900 and something—when we stopped giving mineral rights with patents; 1918? If the land was patented prior to that date, I guess the chances are good it had the mineral rights. Mr. McGinn, do you want to correct me on this? We will get the expert's voice rather than mine.

Mr. McGinn: Mr. Chairman, was the question whether we issue mineral rights with surface rights with respect to cottage land?

Hon. F. S. Miller: With Crown land in general. I don't think you were being specific as to cottage land, were you?

Mr. Sargent: When you acquire land or seize it or how in hell you do it, do you reserve the mineral rights to that land in the name of the Crown?

Mr. McGinn: Not necessarily, sir. Up until 1954 the fee simple went. There was a change then and with respect to summer resort land they only got the surface rights and the mineral rights were reserved in the Crown.

Mr. Sargent: There's a case of a fellow up our way who sold a chunk of land to an American for \$35,000. The American sold it to you, Frank, for \$350,000—this is a factual case—but the man who originally owned it still retains the mineral rights to it.

Mr. McGinn: If in the original instance the surface rights and the mining rights went with the title, he could sever the title and could sell off the surface rights and retain the mineral rights. There could be a severance created.

Mr. Sargent: I see. You don't have a fixed policy, then?

Mr. McGinn: It depends on what the original first registration was.

Mr. Sargent: I see.

Hon. F. S. Miller: I think it's clear now that we are not giving mineral rights with any land anywhere, is that correct? I'm referring to the sale of surface land, unless we are giving a mining claim?

Mr. McGinn: In 1964, Mr. Chairman, we converted from sale of land to lease of land and in that policy with the sale of mining

lands, you could get mining rights only or, depending on the circumstances, you could get surface rights only. It depended on the situation with respect to that event—

Mr. Sargent: Or how badly you wanted the land.

Mr. McGinn: No, it depended on what the land was going to be used for. With respect to cottage land, we restricted that to surface rights only and the mining rights were retained by the Crown. You've got variations here.

Mr. Sargent: Yes, you sure as hell have. This fellow is laughing up his sleeve. He still has the rights on this land, some way.

You have all these millions of square acres of land—Ms. Bryden makes an awfully good point—why do you limit yourself to disposing of 500 acres a year?

Hon. F. S. Miller: We're not necessarily limiting ourselves to that. We said that's about the amount, because that's roughly the number of lots we're talking about in the course of a year. Our target is 1,000 lots right now.

Mr. Sargent: Why 1,000?

Hon. F. S. Miller: I'm not trying to justify 1,000 as being enough or too many. Up to date we haven't even maintained that rate of production. Since 1971, in six years, we've been producing only a little less than 400 a year.

Mr. Sargent: Will you define "producing"?

Hon. F. S. Miller: Creating plans of subdivision on which lots were available for lease in that period of time.

Mr. Sargent: Are you talking about lots for cottages or for home buyers?

Hon. F. S. Miller: Cottages, because this whole program we've been talking about publicly has been for summer resort use, as we've called it; "summer resort" meaning cottage, not commercial. Often, because we think of summer resorts as a commercial enterprise, the terminology makes people think we're talking about a commercial use. We're talking about cottage lot use.

There have been sales of Crown land and, again, my staff can correct me: Elliot Lake would be an example of an area where because of the immediate expansion of a community there has been a need to sell to the community Crown land adjacent to the community for the development of permanent homes. That's been quite a different policy. I guess around Gogama you've done that. You've had a little subdivision in town there and been selling them. I'm sure if you go through the north, you'll find many instances

where towns have expanded under Crown land, and—

Mr. Wildman: You could use it in Missanabie.

Hon. F. S. Miller: —the Crown land has been sold under the normal circumstances. But we're talking about a recreational use right now.

Mr. Sargent: Strictly recreational?

Hon. F. S. Miller: Yes.

Mr. Sargent: Have you ever made advances to Housing to make other plans available? Have they come to you and said, "We want some land"?

Hon. F. S. Miller: No, Housing has not been interested in this aspect of it. I think they've been more concerned with the creation of permanent year-round dwellings on lands that otherwise are approved. They are certainly involved in Elliot Lake.

Mr. Sargent: When do we get to talk about the way you can walk in—you have no money so you can't buy it, but you seize the land where you zone it?

Hon. F. S. Miller: The zoning of land?

Mr. Sargent: The acquisition of land.

Hon. F. S. Miller: You're talking about some islands?

Mr. Sargent: Islands, yes, you know that. You haven't answered my mail to that yet, Frank.

Hon. F. S. Miller: Look, I guess that's one of the toughest problems—

Mr. Sargent: That guy's been screwed and tattooed for eight years and you guys are playing footsie with him. I respect you, Frank, but somebody in your ministry should have some guts to do something.

Hon. F. S. Miller: We've been trying to sort that out for some time. I think you're talking about the Flowerpot Islands and so on around the north end of the peninsula.

Mr. Sargent: He has title to them, pays taxes on them, but he can't use them.

Hon. F. S. Miller: It's in connection with the Niagara Escarpment issues. I don't know whether it matters whether you're in the centre of downtown Toronto and have a zoning put on you or on the Flowerpot Islands and you have a zoning put on you; zoning limits the use of land. It also enhances the value of land, in many cases. I never hear any complaints about the people who've been up-zoned, but I hear a lot of complaints about the people who've been down-zoned. Yet, at the same time, if you ask those of your constituents whether they

believe in planning or not, there are not too many people who ever say they do not believe in planning.

Mr. Sargent: Come on! You've got title to your land, you can't use it but you've got to pay tax on it. What are you talking about? It's a matter of decent rights; a man has title to the land and he can't use it.

Hon. F. S. Miller: Do you believe in planning?

Mr. Sargent: Hell, no. You guys amaze me.

Hon. F. S. Miller: I ask your own party—do they believe in planning?

Mr. Sargent: The most important thing in our democracy is the title to your land.

Hon. F. S. Miller: You heard me saying earlier that one of the reasons I'm selling land now is that I believe a person should have the right to own land.

Mr. Sargent: Yes.

Hon. F. S. Miller: One of the issues—and I also said this earlier—is that planners see exactly what your argument is as the major impediment to letting you own it or planning land. They say the moment a person owns land, he doesn't want to be told what he can do with it.

Mr. Sargent: That's right.

[8:45]

Hon. F. S. Miller: Fair enough. And yet the great number of us in society claim protection of the use of our private land. You have a hotel downtown in Owen Sound. Do you want to have any restriction on what can be beside your hotel?

Mr. Sargent: If you walk in and tell me what I've got to do with that I'd say, "You put your money where your mouth is, and buy it from me then." It's the same with the guy who has title to the land.

Hon. F. S. Miller: Yes. But your town does that.

Mr. Sargent: You say you've got to pay tax on it but you can't use it.

Hon. F. S. Miller: Is your town zoned?

Mr. Sargent: I'm not talking about that. You're confusing the issue. I'm talking about the rights of people.

Hon. F. S. Miller: I'm talking about exactly that issue. If you say that in a part of your community or my community, one may or may not have individual private homes or multiple homes or a commercial establishment or industrial use here, there or elsewhere, then you have alienated or prevented the use of that land in some form or other.

Mr. Sargent: Local planning has done that, but the province moves in and says

holus-bolus: "This land is frozen. You can't use it but you've got to pay taxes on it." And it's none of your damn business; it's our land. It belongs to us and we say: "Stay out of there; let us run our own affairs."

Hon. F. S. Miller: In your own case, in the particular case—and you are talking about a particular case—we're trying to negotiate some way out and I'm inclined to agree with you that assessments or appraisals made on the land were not fair.

Mr. Sargent: Maybe it's the wrong vote to talk about it but somewhere I think we should establish the fact that a man's title to his land is pretty important and this government says: "To hell with title."

Hon. F. S. Miller: Well, if you mean by "title" that you can do anything you want with a piece of land, then I think the day is long past. That's accepted by the general public.

Mr. Sargent: If you say the man can't do those things—you're the guy who makes the ground rules—buy the land. But you don't buy the land, Frank. You come in, you zone it and you seize it anyway. You don't pay for the land you buy, you take. And you owe millions of dollars to the townships up there and you won't pay your bills.

Hon. F. S. Miller: Look, the argument is going around in a circle.

Mr. Sargent: Well, it's a big, long argument, Frank. I'm sorry to be off the vote but somebody's got to talk about it.

Hon. F. S. Miller: I think you should really talk about this not under my ministry but under the Ministry of Housing, frankly, because that's where this issue lies, is it not? It's not with the Ministry of Natural Resources. Tomorrow I'll be talking about a piece of land in your riding, right?

Mr. Sargent: You were going to try to raise \$10 million about a year or so ago, Frank, by closing 13 hospitals. And we have proof here that in six years, in one item, you went from a \$39 million profit to a \$139 million loss. A hundred million dollars on one item in your budget—well not your budget, the resources budget, Brunelle's budget. The way you people handle land, the way you waste money—it's like Amos 'n' Andy. It's the biggest grab-bag in the world—the way you handle land and you ruin people's rights to their title. And you're going to hear about it down here on May 11.

Mr. Wildman: I have a few questions regarding both land and proposed policies. I know that it's been discussed but in my

area it's obviously a very important issue because the vast majority of the acres in my riding are Crown land. To me it seems a little bit ironic, as I mentioned earlier, that in the community of Missanabie, people have lived there and worked there all their lives but cannot obtain property for permanent houses because of the fact that it is Crown land and there isn't private land available. Young couples who are working in the bush or in the sawmill in the area can't obtain land in order to build houses and to make a life for themselves in that community.

We're talking about the sale of recreational land to people who, by and large, will not even be from the area and will be able to come in and purchase lots on lakes for recreational purposes. But the people who live there and work there all year round won't be able to purchase lots for permanent houses. This to me seems a very strange policy. It seems to me, if you are going to allow the alienation of Crown land for private purchase, that the first ones you would be interested in helping are the people who live and work in the area, rather than people who may be coming from a long distance and are interested in purely recreational land.

Hon. F. S. Miller: I did mention to you that we were selling Crown land for permanent homes in certain parts of the province. I don't know the details on Missanabie. If one of my staff can give me some reasons currently, I would be glad to explain what may be a local problem. Again, in principle I would agree with you. In fact, I instructed staff back in September, August, whenever it was, that, in principle, the Crown land in the province should be made available for sale.

Mr. Wildman: In the Chapleau district, by the way. The Wawa district now.

Hon. F. S. Miller: Yes. Are there any comments on Missanabie in particular?

Mr. Keenan: I'm sorry, Mr. Chairman, we don't have any specific information on that. One could speculate that there may be environmental problems in terms of disposition of the land but we would be glad to make an inquiry.

Mr. Wildman: There are other problems that I know of.

Hon. F. S. Miller: In terms of the principle of whether we would sell it, I have no problem with that at all. All we have to work out, I guess, is the conditions under which we would be able to dispose of that particular land.

Mr. Wildman: As I said, there is a problem even with the private land in the area,

in that there is great confusion over the survey as to who owns what lot. The provincial land taxes are completely messed up. Nobody knows who is responsible for what taxes, even on the private land.

Hon. F. S. Miller: That's something that happens in more than one place though and that is not a government policy. That's usually a surveying problem.

Mr. Wildman: I understand the Ministry of Revenue, in conjunction with the Ministry of Natural Resources, has stated—well, they have stated to me in correspondence—that they might be interested in resurveying the area, but because of restraint they have put it back one year after another and now it looks like they are not going to do it next year either.

Hon. F. S. Miller: After today, I probably haven't got anybody to do anything anyway.

Mr. Wildman: As long as we keep putting it back, we will have a situation where these people find it quite difficult to understand why people from southern Ontario or other parts of the province—even Sault Ste. Marie is considered southern Ontario in Missanabie—might be able to come in and purchase recreational lots when they themselves can't purchase lots for permanent dwellings.

Hon. F. S. Miller: Again, I will gladly, on your behalf, look into the specific local issue. I don't have a principle that would stop that from happening.

Mr. Wildman: Okay. To get to the overall issue, I understand, as was enunciated, that you are talking about the sale to Ontario residents in the first year. Am I correct in understanding that that would include landed immigrants as well as Canadian citizens?

Hon. F. S. Miller: I don't have a clarification of that nor am I able to give you one. Under my interpretation of the federal Act a landed immigrant has all the rights of a Canadian except the right to vote.

Mr. Wildman: That's right.

Hon. F. S. Miller: Therefore, if they have that right, I would assume the right to purchase went with it.

Mr. Wildman: Regarding the question of selling in the second year to other Canadian citizens, I would like to know if the ministry has looked at the policies of the Prince Edward Island government, the Saskatchewan government, the Alberta government and the Manitoba government in terms of sale of Crown lands—and even private lands, in the situation in southern Saskatchewan and in Prince Edward Island—to non-residents prior to finalizing its policy?

Hon. F. S. Miller: I have been aware of some of them. I cannot give them to you in detail. It seems to me that Prince Edward Island had very real restrictions on the sale of any land to anyone but a Prince Edward Islander.

Mr. Wildman: That's right.

Hon. F. S. Miller: Again, the question is how parochial do we become as Canadians? I have to challenge you on that case. Prince Edward Island is an extremely small province and perhaps it ran into this problem in a more severe way since I guess there is virtually little, if any, undeveloped land in the province. We, I think, are able to adapt our policies as demand and as conditions change. This is why the policy for leasing lots has been restricted to northern Ontario, because southern Ontario had different problems in the past. Whether or not our future policies will be that restrictive remains to be seen.

Mr. Wildman: I understand there is the same difference in policy between northern and southern Saskatchewan, in that the Saskatchewan government has a different policy for the lands in the southern part of the province than they do in the northern part. I also understand that the legislation in Saskatchewan, although I think it is being amended or is going to be amended soon to make it more restrictive, is not now as restrictive as the Alberta government's land policies in terms of sale.

I'm just wondering how this whole policy developed, whether it developed on the basis of the Premier (Mr. Davis) exercising his prerogative and coming to a conclusion and making a policy for the Speech from the Throne, or whether there was a significant input by the ministry prior to that policy being enunciated by Her Honour when she read the speech. I'd just like to know what study was made in this ministry and what input was made by this ministry into the statements and the policy that were enunciated in the Speech from the Throne.

Hon. F. S. Miller: I've said before, and I guess I can say again, there are some things you have the right as a socialist and I have the right as a capitalist to believe in and not require studies for. I don't need a study to believe in the sale of land.

Mr. Wildman: All right. Can you tell me then what studies you've done—I hope you've done some studies on this—in terms of what proportion of this land, if it is sold, you expect will be resold to non-residents subsequent to the first sale?

Hon. F. S. Miller: I can't guess at that. I would suggest we have other routes that

have a bearing on whether lands of any kind—I think it's as important to decide whether a piece of land in Grey, Bruce, Huron, Muskoka or York in Ontario should be sold to an American as it is to decide whether a cottage lot in the north should be sold by a Canadian to an American.

In other words, once we have passed title to a person who is a Canadian, we, as a general rule, then have to decide what the rules are for everyone who owns land in this province, not that a piece here has one rule and a piece there has another rule.

Mr. Wildman: If that's the case, why do you have a different policy in stating you're going to have leasing for non-Canadians as opposed to sale for Canadians? You yourself differentiate.

Hon. F. S. Miller: That's on the alienation of land in the beginning from the Crown. It's very simple to understand that if I'd had my way it would not be so.

Ms. Bryden: Is the minister aware that an all-party select committee in 1974—namely, the select committee on economic and cultural nationalism—recommended that Crown land for cottage lots be leased only to Canadian citizens and landed immigrants resident in Canada?

Hon. F. S. Miller: I was aware of the report when it came in. I think I and my government have the right from time to time to review the situation and decide if, in fact, things worked out the way we foresaw. If in fact we don't do that, you don't really need too much government in this province.

Mr. Wildman: Are you aware there's one township north of Sault Ste. Marie that's 97 per cent foreign owned?

Hon. F. S. Miller: I've got one in my area 100 per cent foreign owned.

Mr. Wildman: And you're not concerned about that?

Ms. Bryden: Shame.

Mr. Wildman: The fact is that people living in the area—I'm not talking about people from southern Ontario, I'm talking about people living in Sault Ste. Marie—can't obtain lots, can't get lots themselves. You're not concerned about the fact that large territories are owned by non-residents?

Hon. F. S. Miller: No, you misunderstand. We're not selling any land from the Crown to Americans. We're selling land only to Canadians.

Mr. Wildman: You're indirectly selling it to Americans.

Hon. F. S. Miller: If, in the future, Canadians wish to dispose of their land, they

will have the rights Canadians have traditionally had with their land, whatever they may be at that point in the history of Ontario. That's all I'm saying.

If this government or a successive government says there should be no sale of land to anybody but a Canadian, or says it will only sell to Ontario residents, so be it. They're the kinds of decisions one goes through, progressively, as time goes on.

[9:00]

Currently in the province of Ontario an Ontario resident or an owner of land of any kind may sell to any willing buyer, and if he is not a Canadian citizen there's a surcharge. That is something we put on five years ago as a deterrent to the transfer of land to foreign ownership. It has been a powerful deterrent. You may say it hasn't worked. You may say people are buying it. That is true. But I will tell you that a lot fewer are buying it because of that percentage than were before it went on.

Mr. Wildman: I am not talking simply about United States residents.

Hon. F. S. Miller: I don't think it matters. Whether it's a German, an Arab, an American—

Mr. Wildman: Let's talk about the Germans for a moment. Their own government's policies encourage the purchase of foreign lands; wouldn't you agree?

Hon. F. S. Miller: Frankly, we should too. Why shouldn't we go out and buy American land?

Mr. Wildman: I am not concerned with the purchase of American land. If someone wants to purchase it—

Hon. F. S. Miller: We're doing it.

Mr. Wildman:—and if it is the policy of the American government to allow them to do so, fine, but I am concerned about Canadian land.

Hon. F. S. Miller: We have \$500 million worth in Florida alone, they tell me.

Mr. Wildman: You are not then interested in looking at any kind of riders on leases to say that if there is a subsequent sale—

Hon. F. S. Miller: On leases?

Mr. Wildman: Excuse me, on deeds—to say if there is a subsequent sale that Canadian residents would have first option to buy.

Hon. F. S. Miller: You jump to a conclusion. I have stated the way it is right now on current land. I have told you that the government is considering the conditions which will be attached to the future sale of land. Until such time as they have consid-

ered them, it would be premature for me to say what those conditions were. I am simply saying that by tradition we haven't put clouds of that nature on titles in Ontario. I am not sure that you should have two classes of land owners in the province in the future.

Mr. Wildman: I'll pass for now, Mr. Chairman.

Mr. Bolan: Mr. Chairman, I have a couple of questions of the minister with respect to land acquisition rather than land sale. What I would like to know is, what is the ministry's policy with respect to land acquisition as it relates to lakeshore frontage on lakes where there may be an over-ownership, privately, and the ministry is trying to acquire some lands for purposes of redistribution or for purposes of creating its own subdivisions on it? Does the ministry have any policy on that at all?

Hon. F. S. Miller: I can't say there is a policy. In fact, the land is acquired by the province through a number of ministries. Mine usually would acquire land needed for park purposes in the future. We have somewhere in the range of 130 parks in the province that are not only acquired but developed. We have quite a few what we call park reserves, which are acquisitions of land around the province set aside in the hope that parks will be developed some time in the future. That's part of the land-use planning exercise. Of course, we have a lot of Crown land, some of which has been set aside as park reserve also; it has never been sold, but it is not going to be used for other purposes or purposes that would prevent it from becoming a park.

We will go into areas like Wasaga Beach—that is a good example—we will create a park and state a policy on the acquisition of land in that area. Then we will set about doing so, buying the land and fitting it into the master plan for the area. We will withdraw it from private ownership in the interests of the access for people who cannot afford a cottage. I think that is a very justifiable purpose, especially when you have a beach of the quality and unique character of Wasaga Beach.

We have areas like Komoka Park, down near London, where we have had fairly heavily developed farm land, or in this case even some quarries, in an area adjacent to a major metropolitan centre which has heavy recreational demands on a short distance basis. Again, we set out to buy land. You could go to examples like that in a number of spots around Ontario.

We generally go through one of two processes. We would state, as we did in Komoka, that we want to set aside certain lands for park purposes; and we would show them. We would then try to buy them in a voluntary way. If you don't have a voluntary buyer-seller relationship, and if the moneys were available, we would go the expropriation route. The expropriation route, as you know, then permits the Land Compensation Board to be the final arbiter. In spite of the comments of the member for Grey-Bruce (Mr. Sargent) I would say that the history of the Land Compensation Board has shown that generally the province has paid a heck of a lot more for the land than they ever expected to before the process began. I think if one went back through the records, there would not be too many places where that route was followed where one couldn't say that a fair and equitable price was paid. We pay them 100 cents on the dollar, I think, of what we estimate the land to be worth on closing. It's only the difference that is subject to the payment. If it takes five years to drag through the courts, we pay interest on that difference, I'm told, right from the word go, so that the owner is protected in a number of ways.

Anyway, that's the way we generally try to do it.

Hearings of necessity can be demanded. In the case of parks, those are not as clear-cut as they would be for highways where one could say the need is essential. In the case of a park, it would be desirable and a hearing of necessity would have to decide if it was in the public interest.

Mr. Bolan: Do you have some kind of rule of thumb as to what percentage of Crown ownership you would like to see on lakes? I'm thinking particularly of Lake Nipissing.

Hon. F. S. Miller: Not Crown ownership perhaps, but I think a rule of thumb I've seen used in the courts on the Rideau-Trent-Severn system was that at least 25 per cent of the shoreline should remain for public access.

Mr. Bolan: Right. Does your ministry have a policy with respect to the acquisition of property which is privately owned but which cannot be zoned properly through the Ministry of Housing for subdivision planning or for development?

Hon. F. S. Miller: Do you mean where it's been downzoned or frozen?

Mr. Bolan: Where a ministerial order, shall we say, has been put on by the Ministry of Housing.

Hon. F. S. Miller: I don't think we have. I think the Ministry of Housing, or the Ministry of Government Services probably, as the acquiring agent in the parkway belts or greenbelts around Toronto, has, at times had a policy of purchasing distress lands which for one reason or another are tied up in an estate or were reprised at great inconvenience to the landowners and there isn't a ready buyer because of the state of the zoning. I think you will find there are purchases made from time to time on that basis.

Mr. Bolan: Those are all the questions I have. Thank you.

Mr. Lane: I don't know for sure that I should bring this up under this particular vote, but I'm assuming that the minister is going to deteriorate over the evening. He mentioned that he wasn't in good humour at the present time. Before he gets to the point where I'm not able to discuss anything with him, maybe he should allow me to bring it up.

Hon. F. S. Miller: I thought we had reached that point years ago, John.

Mr. Lane: This is not a new problem as far as I'm concerned. It may be new to some people in this room.

Hon. F. S. Miller: If you'll just wait a minute I'll take another pill and then I'll be able to take the question.

Mr. Lane: I have a great respect for long-term policies. A five-year policy is fine, but when it gets to be a 15-year policy I get to the point where I've waited too long. I haven't got too many more of those cycles left; maybe because I'm 39 and holding and I've been holding for quite a number of years.

In any case, some 15 years ago the Ontario Paper Company Limited moved out of Manitoulin Island leaving 80,000 acres of land that have been dormant since that time, and also, of course, wrecking the economy of western Manitoulin. I was the mayor of the town of Gore Bay at the time and worked through the then-member, Stan Farquhar, and the then minister, Mr. Brunelle, who was the Minister of Lands and Forests, to try to acquire that land so that we could do something with it. It lends itself to multi-use development.

About the time I was elected, in 1971, I was told the thing was already just as good as over and that ARDA would be looking after the future use of that land. I was happy to believe them. However, when I got to Toronto, I found out that that was not the case and we were not even close to acquiring the land. I began the fight all over again, and about 1974 a senior member of the ministry

had some discussion with one of the Toronto newspapers and there was an item in the paper saying that we were likely going to acquire the land. The Premier responded in the same manner to a question from Mr. Lewis in the House as to when they were going to acquire the land; so everything looked great about 1974.

The government went into a restraint program and we had no money for land acquisition and the deal was off again and we had to start talking to owners again. This time we asked if they would trade the land. You just mentioned that you have a couple of million acres of land, and, personally I think you've got too damned much. But in any case, on Manitoulin Island we haven't got any Crown land, it's all privately owned; and we could do a lot of things that would certainly improve the economy of the island if we had this land. I have worked with people in your ministry and with yourself, Mr. Minister, and I'm getting out of patience, because I don't think we're making any progress. Every time I ask a ministry official—

Mr. Sargent: Join the club, John.

Mr. Lane: —about the situation they say: "Yes, it's ongoing; everything is great." I don't think it's ongoing. I don't think there's a damned thing being done about it, and I would just like to know what we are going to do about it. If we're not, you had better tell me so so that I'll die in peace.

Hon. F. S. Miller: If I could count on it I would.

My own experience, sitting beside you, would tell me that my bets are placed on your side, because I recognize that when you decide you want something you're going to keep working until you get it.

Mr. Lane: You have to admit it's a long time.

Hon. F. S. Miller: It's a long haul, sure, but it's not simple, as you know, because you and I have talked to the company together—and I guess not too many months ago. I'm told by Mr. Keenan that within the next few days he will be going to Thorold in the Welland area to talk to Ontario Paper again on this matter.

There are several parts to the problem. Number one is the value, if we're buying it; and there happens to be a pretty large difference between our estimation and theirs, although I'm not about to say which is correct. And you know, too, they're not interested in a straight sale, for a good number of reasons.

Mr. Lane: I agree they don't want a straight sale.

Hon. F. S. Miller: They are interested in acquiring a guaranteed source of future wood supplies through the sale of that land; and the sale of that land, I guess, could be traded off against many things, such as Crown timber dues or something of that nature, providing we can find the site which suits their needs, or something which produces the quantity of wood they feel they need to have for their mill in the Thorold area. That is more important to them than the dollars. I think they would be quite happy to see the 80,000 acres of land, some of the better deer herd land in Ontario, turned over to the Crown. It's in a whole bunch of parcels, as I'm sure you know, it's not one big lump.

Mr. Lane: It's three townships.

Hon. F. S. Miller: Yes; and many 100-acre lots, I guess, are single lots, aren't they? So it's not a massive piece of land in the middle of the island; I've looked at the maps.

Frankly, apart from the basic desire to have Crown land on the island, we'd have to say we'd probably have to dispose of or use some of the land for other purposes or trade it because it wouldn't be much use to us in its present form; some of the parcels wouldn't be of use to us. Even if they were sold, I don't suppose it would matter too much. It's merely the question of keeping a block of land that was usable for the purposes you foresee.

Mr. Sargent: On a point of privilege, Mr. Chairman. The minister made a statement a while ago—and I say this kindly—to the effect that he didn't have his way. At what point do the electorate come into this act? You made a decision that may be fair in my books, but who makes the decisions? Does the brass here make the decisions on things like that?

Hon. F. S. Miller: In that case I was overruled by my colleagues in cabinet. They are elected too and that way I think you've got the voice of the electorate.

Mr. Sargent: Frank, I was in your ministry's office 10 or 15 years ago. I came in with a package, and the minister wanted it. The brass said: "No, you're not going to do it that way. You can't do it." They stopped him from doing it.

Hon. F. S. Miller: Eddie, were they a little worried about what was in the package?

Mr. Sargent: Yes.

Mr. Foulds: Was it ticking?

Mr. Sargent: It was the fishing rights.

Hon. F. S. Miller: Beware of Greeks bearing gifts.

[9:15]

Mr. Sargent: But the elected people have no say anymore in what is going on. It shocks me, because you say you don't have your way.

Hon. F. S. Miller: I was talking with other elected representatives, not with my staff. Let me say, I'm as concealed as you are—

Mr. Sargent: I am very humble after tonight, watching McKeough.

Hon. F. S. Miller: —but having said that, if I look around my ministry, and ask: "Am I in control of my ministry?" I answer: "Not every day of the week, no."

Mr. Sargent: Why don't you fire them then? You would in business.

Hon. F. S. Miller: I assume that perhaps there are days when I am wrong. But the fact is, I would suspect I have two things going for me in my ministry. I am just conceited enough to think I have a staff who work with me most days of the week, rather than against me. While I will ask them at times after due consideration to do something they do not agree with—and they have told me so—I have not had the feeling they were not willing to do it once I had made the decision. My staff are bound by their oath not to agree—or to disagree.

Mr. Foulds: There goes the smile.

Mr. Gaunt: You are not down and out yet.

Hon. F. S. Miller: Not while the pill is working. In fact, I take very seriously my responsibility as minister. When the chips are down, I am going to have my way.

Mr. Lane: I appreciate what the minister has said, and I don't want to be provocative but I am getting to the point of exasperation. I do greatly admire the minister and I have a great deal of respect for most of his staff—

Mr. Sargent: Until tonight.

Mr. Lane: —but I feel we are procrastinating on this particular deal. You mentioned the price differential; at the moment Ontario Paper hasn't been encouraged to evaluate their property. As a matter of fact, they have been discouraged from producing a sheet showing the valuation of it. Furthermore, you said that they need to trade for land where there is wood; they have made it known to me that they need land which at least has the potential of growing wood so that they can grow their own fibre.

Therefore, I really don't think, sir, that we have a hard customer to deal with. I think we have a very willing customer right at the moment, because taxes are going up, the deer management problem is getting to them. It has been a long, hard effort, and

the economy of west Manitoulin has suffered greatly from this procrastination, as I see it.

I have no quarrel at all with acquiring the land and sodding up about half of it, or leasing it for commercial development; I think that would be just wonderful, it would bring on a cash flow and provide jobs and so on. We need to keep a fair bit of it for permanent recreational land, of course, because as I pointed out before we have no Crown land on the island and there may come a point in time when people coming to Manitoulin Island would have no place to go because the land was all privately owned.

It could very well be adapted to multi-use purposes, and certainly a good deal of it could either be leased or sold. But we certainly should acquire it, and we should acquire it now. I would just like to get a commitment if I could.

Hon. F. S. Miller: The commitment has been to keep trying, and that is what I am doing.

Mr. Lane: I'm sure as hell going to help keep trying, but I would like to do a little more. My trying doesn't produce much.

Mr. Chairman: Are you all through, Mr. Lane?

Mr. Lane: If that's the best I can get.

Hon. F. S. Miller: He's not through.

Mr. Lane: I would like to get a commitment.

Hon. F. S. Miller: I can't promise that we will buy it.

Mr. Lane: I'm not asking you to buy it; I'm asking you to trade it. We quit talking about buying it three years ago.

Hon. F. S. Miller: I think, in all honesty, the only way we are going to get it is by trading it.

Mr. Lane: That's right, I agree one hundred per cent.

Hon. F. S. Miller: Not necessarily trading fee simple for fee simple; let me make that clear. It may be us acquiring their land and they obtaining certain considerations on Crown land. I don't think that will bother them, either.

Mr. Lane: I was rather surprised on that night you referred to—the night you and I met with some of the top officials—when they did, in a roundabout way, make comment re acre per acre.

Hon. F. S. Miller: Yes. Well, we've looked at townships in trying to find lands which would suit their requirements. They are in areas, as you know, where there is a fairly

heavy competition for that same resource. Therein lies one of the problems.

Mr. Lane: I guess I can't get a commitment, Mr. Chairman. I certainly would have to say that I'll be putting increased pressure on the minister and his staff, sir, until I do get a commitment. I think it's long overdue, quite frankly, and I think we have been procrastinating on this to a great extent in the last while.

Mr. Gaunt: Just have to die in peace, John.

Mr. Lane: I'll be damned if I am going to die until I get that one settled.

Mr. Sargent: Join a good party, John.

Mr. Foulds: I just wanted to get back to this question of cottage lots for a few minutes on this vote before I move on to another subject on this vote. I'm worried a little bit about the pressures that are being brought to bear on the land. I can understand, although I may not totally agree with, the government's policy in terms of freeing up cottage lots. There is obviously a need there.

I think it is somewhat frivolous of the minister to say there are 220 million acres of Crown land, the implication being, especially to a number of people who are not knowledgeable about the various uses Crown land must be put to, that that could be made available for cottage lots. There are other demands on Crown land, and surely the important thing is that a proper balance be struck? There are other uses, such as the fur use, the timber use, the parks use, as well as cottage lot use of land.

One of the things we have to be careful about as we project the 1,000 lots a year into the future for cottage lot sales is the increasing pressure that might be put on some of the obvious fragile sites—fragile in the sense of the regeneration of fish in the lakes—what that does to fur-bearing animals and to traplines; and what that does, frankly, to some of the cutting rights problems that we have. Therefore, I think we should recognize that the more cottage lot development we have the more serious becomes our fish management program, for example. That itself is in some difficulty, and we can get to that on that particular vote. That's all I have to say on that topic.

Hon. F. S. Miller: I don't really dispute what you are saying, except that when one starts analysing all the, let's say, interests that would like to see a single use for land, then you do realize how small the resource space is. What I said in the very beginning was that some of our approaches to the use

of land have been always on the assumption that there is more of it, therefore you could only use Quetico for a park and not worry about the timber resource within it.

I am not saying it's right or wrong. I'm simply saying that was the approach taken when Quetico was defined as a park. You could set aside the two park reserves in the north Kenora district. You could have some lakes that have trout in them and therefore have no other uses permitted on the lake, of any kind. You could have areas where only timber cutting would be permitted and, therefore, no cottages would be there, and on and on.

When you see the number of reasons that can exclude your preferred use because some other uses got there first, you begin to realize that we are going to have to change our approach, I suspect, to the use of land and learn to live with other users of land around us. In a mini sense, the report on trails in Ontario got at this problem. If you are a cross-country skier, no one with a snowmobile should use the same trail. If you are a horseback rider, you can't have hikers. Everybody would like to think that what they do with a piece of land is just for their own pet use, and I have to say there isn't enough to go around.

Mr. Foulds: Right.

Hon. F. S. Miller: We have to start thinking in terms of more varied uses of land where those uses are compatible within acceptable parameters.

Mr. Foulds: I think the important point is that we recognize there is a limit, that the lands aren't limitless in terms of particular kinds of uses.

Hon. F. S. Miller: Particularly accessible land.

Mr. Foulds: And even some of the inaccessible land.

Hon. F. S. Miller: But particularly accessible land. I guess the term "inaccessible" has become relative today. In fact, I find it a bit frustrating. I was talking to a tourist fly-in operator in Mr. Wildman's area not long ago, and I tended to vote two out of three in his favour after he left me, because when I looked at the restrictions our staff had put upon his use of a couple of fly-in posts, for which he didn't have licences, they were based upon the need to protect the fishery, which is a valid enough reason by itself.

He pointed out two things to me: First, the number of people who were gaining access with their own private aircraft, say, and who didn't contribute to the economy—they did in some ways but perhaps not in

the way he did. Secondly, a couple of the lakes were going to be accessed by logging roads within the immediate future and, therefore, were going to lose their value to him and to any other fly-in operator, and the fishing pressure would build up very greatly.

On that basis I would say, why not let him use them for the last four of five years for a use that is producing a fairly high dollar return per pound of fish taken, you might say, since all we are going to do is leave it for somebody in the very near future who won't give us that kind of return? That is one of the competitions one runs into.

Mr. Wildman: On a point of order, Mr. Chairman: Is it possible that I will have a reply to the questions I raised about certain matters in relation to road access into lakes and the title on certain lakes?

Hon. F. S. Miller: Which ones? The ones raised tonight?

Mr. Wildman: The ones I raised on Thursday night.

Hon. F. S. Miller: If I haven't answered them—and I think you should help me identify exactly what you think you didn't get an answer to—I'll be glad to look at them and get you an answer.

Mr. Wildman: All right.

Mr. Foulds: I want to shift topics for a moment from cottage lots, although staying on the same vote—

Mr. Gaunt: Mr. Chairman, would Mr. Foulds permit a short supplementary?

Mr. Foulds: Sure.

Mr. Gaunt: On a matter of clarification: I understand that the 1,000 lots per season per year—the 698 lots this year—are all going to be cottage lots. My question is, are there going to be under this particular program, at any point in time, blocks of land in larger parcels, say for someone who is wanting to set up some kind of farming operation way up north?

Hon. F. S. Miller: Farming lands and commercial properties have never been subjected to the kinds of restrictions we are talking about, as far as I know. We have always had the right, and I believe—I may be wrong here; staff will correct me—that we have generally followed a policy of leasing first with an option on some of these commercial uses. Is that the approach we have taken?

Mr. Wildman: You can lease farm land but you can't buy it.

Hon. F. S. Miller: You can buy it.

Mr. Keenan: Yes.

Mr. Wildman: In my area you can't.

Hon. F. S. Miller: I don't know about yours, but I certainly sign agreements with people where they are paying a certain fee for the rental of land, followed by an option to purchase. But sometimes when I see the fee for the rental, if they don't convert, I can understand why. It's \$1 per acre per year.

Mr. Gaunt: So it is possible for people to lease quantities of land for farming purposes?

Mr. Keenan: Yes.

Mr. Gaunt: And they should get in touch with Mr. Keenan or someone in the ministry?

Mr. Wildman: Lease or buy?

Hon. F. S. Miller: Both. I can assure you, I have been signing agreements of late, and I assume there were ones preceding them, that have said to lease for five years, say, with an option to purchase at the end of the time, to renew, or whatever the clauses are.

Mr. McGinn: would you like to explain it, because Mr. Wildman would like to know?
[9:30]

Mr. McGinn: What happens is that in areas that you are concerned with there is an agricultural committee set up between the Ministry of Natural Resources and the Ministry of Agriculture and Food. The person who is interested in acquiring the land for agricultural purposes comes before this committee and explains what he is prepared to do. This committee makes recommendations to the Minister of Natural Resources with respect to the land that he is concerned with. As a result of the recommendation the ministry either rejects or accepts the recommendation and proceeds to sell the land to the person who wants to develop this land for agricultural purposes under specific conditions.

For example, he has to clear so many acres of land and put it into agricultural use. He has to have so many head of cattle on the land and build buildings to a certain value. Once he does this, he proceeds to acquire title in fee simple of the land he is concerned with.

Mr. Gaunt: Where would this land be located? Is there any specific area?

Hon. F. S. Miller: Where? In Grey county or Bruce? Huron?

Mr. Gaunt: No, I'm thinking around New Liskeard.

Hon. F. S. Miller: It seems to me I have been dealing with a number in that general northeastern area.

Mr. McGinn: Primarily we have been dealing in the Cochrane area. But I would fore-

see that if there is Crown land that could be used for agricultural purposes it could be developed.

What we attempt to do really is designate land that has already been alienated from the Crown, that is in private ownership and so on, that is not being used for agricultural purposes. We attempt to divert the interested person to that area that already has had some development. In other words, such an area would make it easier for him to progress in his agricultural endeavours. However, if he doesn't wish to do it that way then he can get into a virgin area and develop it, if the agricultural representative from the Ministry of Agriculture and Food would say that the land is suitable for development for agricultural purposes.

Mr. Wildman: Could I have a supplementary on that?

Mr. Chairman: I think we could continue on all night on these supplementaries. I think Mr. Foulds had the floor. We will get around to you, Mr. Wildman.

Mr. Foulds: I wanted to touch briefly on what has been a controversial topic in north-western Ontario for a number of years. That is the unauthorized wilderness cabins issue. I am just wondering if that has been sorted through. I have had some expression of fear, if you like, from some people in my area that the ministry was about to embark on one of its cabin burning years again. I wanted to know whether that was going to—

Hon. F. S. Miller: If you want to call me "Torch Miller" it is okay, but I have a strong feeling about this, and I may as well be honest with you. If somebody has use of unoccupied land then I am not going to permit it. Either they can be regularized or they shouldn't be there.

Mr. Foulds: All right, then let's get to that point.

Hon. F. S. Miller: In terms of regularization, we give them every chance to be fair about regularizing it. But there are some people who have avoided every attempt to become legal through our staff. Our staff in some cases have been extremely patient, for years. I had a file of stuff that was several feet high on this matter.

You can handle the great bulk of them with one glance, because with every file I get there is a picture of the building, there is background information on the trips to the site, any indications of use or anything like that. If they fall into the category where they are rundown, tarpaper shacks that no one has

been in or obviously used for some years, that is a cinch.

If, on the other hand, we have somebody whom they can identify and you can say this person is still using it, and we have been discussing it with them, we have been arguing with them, or we have told them not to build it and they have gone ahead and built it—that has happened in a number of cases too—then we get into real hassles. I am simplistic in this sense, but you cannot—you are a school teacher, are you not?

Mr. Foulds: Haven't been for seven years.

Mr. T. P. Reid: That doesn't make him simplistic, not necessarily.

Mr. Foulds: I should hope not.

Hon. F. S. Miller: I thought the two went along pretty well.

Mr. Foulds: You were a school teacher for a while?

Hon. F. S. Miller: That is why I thought we had something in common; we are both simple.

Mr. Foulds: Speak for yourself.

Mr. T. P. Reid: I think we should at least have a vote on it.

Hon. F. S. Miller: The issue, though, is that if one has glaring examples of illegal occupation, then the attempt to regularize others is virtually useless, because people are going to say "why should I go the legal route?" I don't care whether it's a flying operator or whether it's a person building on a lot in the bush. The rules have to be fair and evenly applied.

If somebody goes out and deliberately, and this happens, establishes something after being told not to, then we move fairly quickly in these days. Where they have had a justifiable—perhaps one of the common ones is that somebody forgot to renew the darn licence, like in 1952, and all the boys in the hunt camp kept on thinking it was legal and they wake up to the fact that it isn't legal, then we do our darnedest to help them out. It's as simple as that. So the attempt is to be reasonable first, to be patient; and if that doesn't work then to take action.

Mr. T. P. Reid: That takes at least the first day.

Hon. F. S. Miller: In a Liberal riding.

Mr. Foulds: In those situations—

Mr. T. P. Reid: What about Jim Jessiman?

Mr. Foulds: In those situations, Mr. Minister, where a cottage is 300 to 400 feet back from the lake, it has existed for say 20 years, the person goes to the ministry to get a

licence of occupation, the upkeep has been fairly decent, there isn't any immediate projected use of the area, is there some way they can regularize the occupancy, subject to some termination—

Hon. F. S. Miller: Usually there is and in many cases that's been done. I wish Mr. Hennessy was here. You may have been familiar with the case where we had a Catholic priest using a specific piece of land for a children's camp, I think it was a boys' camp, that for some reason wasn't legal for a long time. Then a few years back an arrangement was made to let him use it during his lifetime and he died and the church—

Mr. T. P. Reid: He belonged to a different party.

Hon. F. S. Miller: No, I don't think he did. I met the bishop the other day.

Mr. T. P. Reid: He had his own party, I mean.

Hon. F. S. Miller: Oh, I see. You weren't back to the chiropractor again?

Mr. T. P. Reid: Only Vern Singer used to go twice in a row.

Mr. Wildman: Was he given eternal title?

Hon. F. S. Miller: Yes. In that case, even though we had regularized an illegal occupation with specific conditions attached, when the man died he had willed it to somebody—the church. The church in turn didn't, or appeared not to know, and I certainly wouldn't think the church would tell me an untruth, that these conditions had been attached. So after a good deal of discussion we regularized it because it was performing a useful purpose and we felt we could justify it on some of the grounds you have just talked about.

So we try those routes. In some cases I have even had them—I'm getting messages which I can't interpret.

Mr. Foulds: Mr. Wildman is saying the church is a pretty formidable foe.

Mr. Wildman: And can be a very strong ally.

Mr. Foulds: An individual without that background may not feel—

Hon. F. S. Miller: The quotation of the uses within Mr. Wildman's riding that I just referred to a minute ago resulted from a person coming to me directly after failing at the district and regional level, and having his day in my office. In effect he was saying: "Look, these are my reasons for disagreeing with your staff decision." I had another one last week and in the last case the man lost; in this case he won.

I think that kind of appeal, although I am not anxious to encourage it, has been fair enough where there's a genuine disagreement that has usually been brought to the attention of the local member and then through that member to me.

Interjection.

Mr. Foulds: I am thinking of a particular case where the person was somewhat reluctant to go to the district office or one of the regional offices, because although the place has existed for some 20 years, no one has found it.

Hon. F. S. Miller: That explains a lot of people not collecting their property tax credit in Ontario through the income tax system, too.

Mr. Foulds: They really would like to regularize it, but they are somewhat afraid to.

Hon. F. S. Miller: But they didn't pay for 20 years.

Mr. Foulds: Can I give them an assurance that if they go into the office they will have a decent chance of getting a regularized use on a three, four, five-year basis?

Hon. F. S. Miller: I would not want to give that assurance because I may be giving an assurance of that kind on a piece of property where the preconditions you have set do not apply and where we have a very good reason for not wanting to have a lot or a use permitted. If that happened, in advance of judgement, and you went back and said "do it" and we turned them down, you would feel let down and that person would.

Mr. Foulds: Right.

Hon. F. S. Miller: I think that you should have a confidential chat with somebody around here, somebody from the area, maybe Mr. Ringham or someone of that nature.

Mr. Foulds: I'll try that.

Mr. G. I. Miller: I was wondering—maybe it has been covered before—but how many lots did you indicate were provided?

Hon. F. S. Miller: It was covered before. It's in the record now.

Mr. G. I. Miller: Okay. Can I ask a couple more questions very briefly? How many applied and were there more lots than applications?

Hon. F. S. Miller: In certain areas, particularly remote cottage lots, the demand has exceeded the supply. Those are not the kind we are selling. Remote cottage lots have fairly stringent conditions attached to them and large distances apart applied to them. Right now we have a shelf inventory of prepared lots, which means that at the

end of last year all the available lots were not taken. I don't know, without seeing the location of those lots, whether that means some of them were not too desirable, whether they were reasonably far from a community or what, but I think it safe to say that the telephone calls and letters received to date would indicate a very heavy potential demand for this coming year, when we have changed from lease to sale. I suspect that we will not be able to keep up with demand for a while.

Mr. G. I. Miller: If somebody had made application this year, will he be on the list for next year automatically?

Hon. F. S. Miller: Probably not. It depends upon the method of disposition. If it's through a draw system on a particular subdivision, then he would virtually put his name in on each available set as it came along, I would suspect, rather than having an ongoing list. We don't choose them off a list if there is an over-demand. We have been drawing them on a lottery basis.

Mr. G. I. Miller: How do they make application?

Hon. F. S. Miller: Generally by contacting the district office in the area where they wish to go and being kept aware of where the subdivisions are being developed. We have enough lead-time that we can tell them that kind of thing.

Mr. G. I. Miller: All area offices have this information?

Hon. F. S. Miller: Not yet. They would have the information on the ones they were developing but not on the ones others were developing. In other words, if somebody from your area wanted to go to, say Temagami, or better still perhaps Blind River or something like that, the best thing I would suggest right now is to contact the district office in the area.

Mr. G. I. Miller: In the area they are interested in?

Hon. F. S. Miller: Yes.

Mr. G. I. Miller: Okay. You were talking about Manitoulin Island and 80,000 acres. As a new member, I am not too well acquainted with the area. Was that area logged off by that particular company?

Hon. F. S. Miller: Yes.

Mr. G. I. Miller: Is it growing? Is a second growth coming on?

Hon. F. S. Miller: It's a second growth but I think the species are mostly hardwoods.

Mr. G. I. Miller: What is the length of time for regrowth?

Hon. F. S. Miller: Well longer than they are willing to wait in this case, because they are basically a user of softwoods.

Mr. G. I. Miller: Is there a replanting program?

Hon. F. S. Miller: It's their private land right now, it is owned in fee simple.

You know, if one wanted to look at private land around Ontario that's crying for redevelopment, please don't go that far north. We can find you all kinds of it through southern and central and eastern Ontario, just top grade growing land. Some of my speeches of late have been aimed at pointing out to the private property owner who is perhaps an absentee owner or non-using—particularly in southeastern Ontario, the Cornwall area and so on, areas that were at one time considered good agricultural land but that now, with the increased competition in the business no longer lend themselves to modern farming methods, some of the stonier land there—that it would make great production land in our opinion.

[9:45]

Mr. G. I. Miller: For forestry purposes?

Hon. F. S. Miller: Yes, we have lots of private property in this province that's crying for good silvicultural—

Mr. G. I. Miller: Are you encouraging that?

Hon. F. S. Miller: Yes, we are.

Mr. G. I. Miller: How?

Hon. F. S. Miller: Through a series of programs. I experimented with them this winter, although that's under another vote.

Mr. G. I. Miller: Okay. What's the score of the hockey game?

Mr. Chairman: You'll have to go out and find that out for yourself, Mr. Miller. We don't provide that service here. It's vote 2402, item 7, not the hockey game at the present time. Are you all through?

Mr. G. I. Miller: I just wondered how we can get the score? Are there any televisions around?

Mr. Chairman: That doesn't pertain to vote 2402—

Hon. F. S. Miller: Does anybody around here know the score?

Mr. Chairman: The score is we'll continue on with item 7. Mr. Wildman.

Mr. Wildman: Thank you, Mr. Chairman—

Hon. F. S. Miller: I just got the information, it's 0-0. That's very much the same score in here tonight.

Mr. Wildman: This afternoon too. I just have a short question—before I go on to one other topic—in relation to a comment that

was made by Mr. McGinn in terms of farm land. The minister may or may not recall that I had extensive correspondence with him about one well known elderly farmer in the Dunns Valley area, which is north of Bruce Mines in my riding, an unorganized area. It concerns a gentleman named Bill Foster who has been attempting to negotiate with the Blind River district for farm land, land that was alienated from the Crown and has reverted to the Crown for arrears of taxes.

He's been negotiating with the Blind River district for some time to try to obtain that land, which has been used for farm land and which is adjacent to his own farm, for grazing purposes for cattle and so on, and has had some difficulty in getting an agreement satisfactory to himself to obtain that Crown land. I would like to bring that to the minister's attention again since it's been indicated here there is a process that he can go through—I understand according to Mr. McGinn's comments—to obtain land, especially since this land has been previously used for farming.

I understand one of the hangups appears to be that the Blind River district and the Kirkwood operation in that area have come to the conclusion that they want to reforest that land some time in the future. My question and Mr. Foster's question is why on earth can't he use it for farming on a lease basis at least between now and the time, if ever, that it's reforested by the ministry?

Hon. F. S. Miller: Mr. Keenan apparently has the information.

Mr. Keenan: The information I have indicates that the local agricultural representative arranged a meeting for January 5, 1978, to discuss this situation.

Mr. Wildman: That was subsequent to me raising it in the Ministry of Agriculture and Food estimates last fall, I believe.

Mr. Keenan: I see. In any event, this was set up to discuss the situation relative to the availability of Crown land with agricultural potential, and this note, which was addressed to Mr. Ringham, indicates that, "the land supervisor from the Blind River district will attend the meeting to explain our agricultural policy"—this is to Mr. Foster—"under section 48 of the Public Lands Act to local farmers as well as rental of acquired properties being managed in an interim state."

Mr. Wildman: You don't know what the result of it was?

Mr. Keenan: We don't have any further information following that meeting.

Mr. Wildman: All right. The other question I want to raise—and I'd like the direction of the Chairman on this, as I'm not cer-

tain if this comes under this vote—I notice Mr. Wilson is here and I would like to raise some questions regarding treaty claims and land title. I'm wondering if that comes under this vote?

Mr. Keenan: Yes, it does.

Mr. Wildman: Okay. Can you tell me the status of the negotiations between the provincial and federal governments over the 1924 land agreement? I'll get to the others later.

Hon. F. S. Miller: I'm peripherally aware, but will let you answer in detail.

Mr. McGinn: The federal government and the provincial government at the civil servant level met and came to agreement with respect to the amendments to the 1924 Indian land agreement. Just about the time we came to an agreement the policy of the government was that anything that had to do with Indians had to involve the Indian people and any subsequent meetings had to be tripartite, so the federal government representatives and the provincial government representatives met with the Indian people to review the amendments to the 1924 Indian land agreement.

The federal government lawyers drafted the intended agreement and it came back to the provincial people for review. We have just completed the review of the agreement; we are revising the agreement and returning it to the federal people for their consideration. That is where the matter rests.

Mr. Wildman: Okay. Do you anticipate that it will continue for very much longer, or is the 50-odd years it's taken so far going to conclude soon?

Hon. F. S. Miller: I don't know whether my trip to Ottawa to see Mr. Faulkner helped, but I made a trip along with a couple of my staff in the fall of last year—I've lost track of the exact time. I met with members of the Garden River band, is it?—

Mr. Wildman: Yes.

Hon. F. S. Miller:—who had certain problems which were hung up by the 1924 agreement. Mr. Herridge and I and others flew down to Ottawa and talked to Mr. Faulkner, because at that time this agreement had not come back to our hands.

Mr. Wildman: No, at that time it was in the hands of the federal Justice department.

Hon. F. S. Miller: Yes, the federal government. They gave us the promise it would come. It did, shortly thereafter. I hope it was because we chased them.

Secondly, it was at that meeting that Ontario suggested the need for the tripartite

mechanism. That was accepted by the federal government, and I should point out Ontario asked for it, no matter who may be taking the credit for it.

Mr. T. P. Reid: Patrick Hartt is, a little late, but—

Hon. F. S. Miller: The fact is that the first meetings of that group were held on March 16 and they also stemmed from the meeting in Ottawa. It was agreed that these kinds of issues would be part of one of the four subcommittees working on that tripartite group and that many of the Indian land issues would come under scrutiny.

It was interesting; this was the toughest one to get agreement on as far as the subcommittee was concerned, the question of lands; not land claims, but just lands. When I asked if it should not be included, the Indian response, as I recall, was "Whose claims?" In other words, there was not a willingness to admit that there was a problem because there was not a willingness to admit that there had been a transfer of certain lands.

In any case, the mechanism has been set up. The 1924 agreement has made some real progress since then. We're very anxious to see it resolved because within it we hope we'll find a mechanism for solving some of the kinds of little claims that are hung up, like your Garden River band's.

Mr. Wildman: What effect does this long process of negotiations over the 1924 land agreement have on the resolution of problems with regards to mineral rights on reserves?

Hon. F. S. Miller: I can't answer that. Maybe one of the staff can.

Mr. McGinn: What we are negotiating with respect to the 1924 amendments is that the mineral rights on the reserve in surrendered lands would be granted in their entirety to the native people. Up to the present time, while the mineral rights are in the hands of the Indian people, 60 per cent of the revenue that might be derived from the sale of land or profit from mineral resource development would accrue to the provincial government.

One of the recommendations that is being negotiated is that rather than the Ontario government getting the 50 per cent, 100 per cent of any accrued revenues that might come would go entirely to the native peoples.

Mr. Wildman: I would like to get into a couple of specific situations. Can the minister indicate to us the status of the land caution in Temagami, the Bear Island reserve?

Hon. F. S. Miller: I think I can, but Mr. Wilson would be wise to come forward to bail me out. It has been before the courts. The last time we talked about it we were awaiting a decision. I think we lost the first round. I believe there was a hearing recently and the courts have ordered—I think I had better get the proper legal terminology—a full examination, in any case, of the basis of the claim. Do you want to explain what I said wrong?

Mr. Wilson: I didn't hear anything wrong.

Hon. F. S. Miller: That's loyalty.

Mr. Wildman: Do you anticipate this situation will be resolved simply through the courts or are you considering direct negotiations?

Hon. F. S. Miller: Again, currently it is before the courts and currently the courts have found reason to keep it there. I guess that would lead me to believe the courts are more likely to be the route chosen for this specific action. I would like to hear your opinion.

Mr. Wilson: Mr. Chairman, the Indian people have been quite firm in their direction to keep their claim before the courts, whereas Ontario on numerous occasions has been saying formally to the band that it is quite prepared to discuss their claim with them; the only role Ontario saw in the court was to remove the caution to relieve the problems of the people of the area. Ontario has stated often that it is quite prepared to deal with the claim, but the Indian people took the position in the court that they wanted the claim dealt with by the court.

Mr. Wildman: Are you aware of the resolution passed at the FONOM conference last weekend by the municipalities represented there in support of a suggestion by the local municipalities to the effect that everything possible should be done to remove the caution and to resolve the situation?

Hon. F. S. Miller: I was not aware of it. I was aware of the meeting. I think it is honest and safe to say everything possible is being done, albeit at the rate that the courts move.

Mr. Wildman: Okay. Can you indicate what the ministry's position is in relation to the stated position of the Union of Ontario Indians, I believe, that reserves and bands under the Robinson Huron Treaty, and the Robinson Superior Treaty as well, I think, were not surrendered but were reserved separate from the lands surrendered in 1850, when the treaties were signed? That is, their position is that, instead of having a situation where all lands were surrendered and lands

were reserved by the Crown for the use of the bands, all lands except certain lands were surrendered; in other words, the bands' lands now, the reserve lands, were never surrendered.

Hon. F. S. Miller: No, I'm not but I am sure Mr. Wilson is.

[10:00]

Mr. Wilson: I have been aware of that in the last very short while. In my mind it is largely a legal question in terms of the reading of that treaty.

Mr. Wildman: It certainly is a legal question. Obviously it has some significance if that is accepted; if it came to the courts, for instance, or if it came to an agreement between the federal and provincial governments, it has a great deal of significance for the jurisdiction of the provincial government, for instance in relation to treaty lands and the whole question of land claims, I would think.

Mr. Wilson: My understanding of what you are explaining to us is that the point you raise dealt only with land that was on the reserve.

Mr. Wildman: The problem is that a lot of the lands that were—whatever the argument, whatever the term—either reserved by the Crown for the bands or not surrendered in 1850, have subsequently been transferred through various means to other owners. Use Garden River as an example; the reserve in 1850 was approximately twice the size it is now. If those lands were not surrendered then that leads to some very interesting legal problems.

Mr. Wilson: If they were not surrendered.

Mr. Wildman: If they were not, right. Can you tell me what relationship the ministry has, in terms of land claims by various bands, to the Provincial Secretary for Resources Development (Mr. Brunelle) and his staff in their overall responsibility for native concerns on the part of the provincial government? What co-ordination is there, if any, between your ministry and other ministries that get involved with native bands on questions of land claims and the alienation of reserve lands? I think the deputy minister might answer that.

Hon. F. S. Miller: We are all involved in that one. I would think that both Mr. Wilson and Mr. Dillon would be best suited to answer that. Mr. Dillon is in an enviable position these days to make sure there is co-operation, since he is acting as my deputy.

Mr. Wildman: That's exactly why I asked the question.

Hon. F. S. Miller: I am sure it will add great insight to any future work in that area.

Mr. T. P. Reid: You haven't got an answer yet.

Mr. Wildman: I know I haven't got an answer. The reason I am asking this is, as you may or may not know—I am sure you do know—one of the bands in my area is in the process of having a very interesting and controversial set of, let's say "discussions" with the Ministry of Transportation and Communications regarding the negotiation of a four-lane route across their reserve. These discussions are ongoing, or were until last week when negotiations were terminated by the band because of the ministry's determination to pave the present route and widen it by paving the shoulders 10 feet on either side of the highway, which the band is opposed to.

Subsequent to a meeting with the Minister of Transportation and Communications (Mr. Snow) which led to an unsatisfactory conclusion in the opinion of the band in terms of safety for the pedestrian traffic on the reserve, we met with the Provincial Secretary for Resources Development and he raised those matters with the Minister of Transportation and Communications. The reason I am raising this is that it might indirectly be related—at least the band thinks it might be related and hopes it won't be—to land claims they have and are in the long drawn-out process of negotiating with the Ministry of Natural Resources in terms of lands which were alienated from the original reserve and are now considered Crown lands by the ministry in townships east and north of the reserve. My question is has there been any co-ordination in the discussions between the Garden River band or the Union of Ontario Indians and the provincial government on this group of problems? They don't differentiate, they don't split them between this ministry or that ministry. To them it's all the provincial government. Has the provincial government been approaching it from that view and saying: "Let's deal with the band on all of their problems" or are you saying that it's up to each ministry—MNR will deal with the land claims; MTC will deal with the highway problem; and Mr. Brunelle will deal with whatever problem he has to deal with, if it's not co-ordinating?

Mr. Dillon: Perhaps I could deal with both the Garden River situation and the point you brought up before. The main means that we use within the Secretariat for Resources Development for co-ordinating these matters is through what is called the advisory committee on native affairs which

is chaired by Mr. Brunelle and which includes the three deputy provincial secretaries, plus the Assistant Deputy Minister of Natural Resources, the Deputy Minister of Culture and Recreation, and the Assistant Deputy Minister in TEIGA. This group considers matters which have to do with the co-ordination of the delivery of services to Indian bands, the communications between these bands and so forth.

The same group meets, occasionally, together with the four Indian presidents, and in this form it's called the joint steering committee. So there is a lot of time and effort put in by Mr. Brunelle's staff to co-ordinate these matters.

Since there is no separate ministry in this government for native affairs, we have to stress the fact to the Indians that when we are talking about certain matters, like lands for example, the issue is going to have to be dealt with by a particular ministry, in this case Natural Resources. This causes problems, but on the other hand it means that the experts in these various areas are the ones who ultimately deal with the problem. So it's through this means that the co-ordination is effected.

Mr. Wildman: Have you been involved in the Garden River dispute with MTC at all?

Mr. Dillon: I have not been involved personally in this matter. I know that Mr. Brunelle attended a meeting. It was also attended by his advisor for co-ordinated affairs and I believe there were people there from MTC as well.

Mr. Wildman: No.

Mr. Dillon: They were not?

Mr. Wildman: No, Mr. Brunelle phoned the minister.

Mr. Dillon: I see. I can't be more specific than that. I can find out for you what happened if you would like, but I understood that the first meeting was not successful. The issue was discussed but there was no agreement reached.

Mr. Wildman: Specifically, for MNR, what is the progress you have made, if any, in terms of the Garden River situation and the land claims in the townships which were originally part of reserve lands but were subsequently alienated from the reserve?

Mr. Wilson: I have done considerable work on the land that was once Garden River reserve. Although we don't have a specific claim as such from the band, we have discussed it with them, as you know, and are aware of their thinking. We have looked at

the land that is surrendered for sale and unsold. We have also looked at the land that was surrendered, sold and subsequently forfeited to the Crown. I have most of that information on the desk now. There are a couple of outstanding questions that need resolution.

Mr. Wildman: I know you are aware that the band in this case wants to see the two situations—the MTC problem and the land claim problem—treated separately.

Mr. Wilson: I believe that was mentioned at a meeting with the minister a while ago and I'm not sure that was agreed to. However, I believe we suggested that it was advisable to work together.

I should also mention that MTC is aware of the unsold surrendered land in the area and the forfeited land, but not the details of it. All they have to do is ask.

Mr. Wildman: One further question, Mr. Chairman: Has the ministry received a land claim from Mississauga Band No. 8, from Chief Camille Chiblow?

Mr. Wilson: We don't have his claim as such, but I did have a request from Chief Camille Chiblow to meet with him in Blind River last month, which I did, with the federal staff, and discussed the list of 10 or a dozen points he had. We looked at various information he had and agreed to find additional background information that would probably ultimately lead to a claim. We don't have one yet. We had a very productive discussion, however, with Chief Chiblow.

Mr. Wildman: Maybe you can't make a general statement on this. In such situations, for instance, as the Mississauga claim when it comes through, I think they may lay claim, or according to their research have the right to lay claim, to almost half of the town of Blind River, or substantial portions of land in the Blind River area. Is it the ministry's policy to look at the possibility of trading lands in a situation like, if there is Crown land available close to the reserve in another area that might be acceptable to the band?

Mr. Wilson: It would be highly speculative at this point to suggest what might happen until we see the claim.

Mr. Wildman: Okay. Thank you.

Mr. Chairman: Thank you, Mr. Wildman. Mr. Reid.

Mr. Makarchuk: Wait a minute, Mr. Chairman. I was here before him.

Mr. Chairman: Just a minute, Mr. Makarchuk. I must remind you that your party has taken up over half the time we have

spent on discussion and we are trying to be fair in both cases.

Mr. Makarchuk: So you are allotting the time by party, is that the understanding?

Mr. Chairman: Absolutely. I'm giving everyone a chance.

Mr. Makarchuk: All right.

Mr. Chairman: Now the last speaker—

Mr. Makarchuk: I appreciate your sense of fairness.

Mr. Chairman: You hadn't put your name on the list, Mr. Makarchuk. If you had I would have marked it down.

Mr. Makarchuk: Wait a minute. I indicated when I came in.

Mr. Chairman: No, I didn't see any indication on your part. However, I welcomed you.

Mr. Makarchuk: I see, I thought you were waving because you had a limp wrist, or something, that's all.

Mr. Chairman: No, it wasn't.

Mr. Makarchuk: I didn't want to recognize that though.

Mr. T. P. Reid: I'd like to clear up one thing Mr. Wildman touched on. Mr. Brunelle made a rather strong statement to the Hartt commission on northern development about Indian claims and dealing with the Indian people in regard to lands and everything else. I understood that statement to say very strongly that you tended to look upon the courts as the final solution, to these Indian land claims in particular and some of the other matters such as fishing and hunting rights. I didn't get that sense when I listened to the minister, Mr. Dillon or Mr. Wilson.

Mr. Dillon: I think it's quite true that the statement has been considered to be harsh, to use your word—

Mr. T. P. Reid: Strong, not harsh.

Mr. Dillon: All right, strong. I think an attempt was made by the minister to outline some of the basic approaches the government had been taking and what the ground rules were, in its view.

I think the reference to the courts was really pointing to the fact that many of the differences which existed between Indians and the government and Indians and other residents of the province were due to the existing laws. I think it was to this that the minister was referring.

Obviously, if the law states a certain point and it's the duty and responsibility of the government to administer and uphold that

law, you can discuss and negotiate, and all the rest of it, but until the law is changed there's going to be no permanent solution. I think that was really the point being made by the minister.

Certainly, if you read the whole statement the government made it quite clear that we are always willing to negotiate, to discuss. We mentioned the tripartite mechanism which then was not in being but we mentioned we were for it and that we were willing to participate. I think the statement, was considered to be tough, but it was not intended to be that way at all. It was intended to clarify the situation and I think perhaps it has done that.

10:15]

Mr. T. P. Reid: Let me ask you specifically what particular items you feel fall under the jurisdiction of the law that have to be settled in the courts and what do you feel is open to negotiation?

Mr. Dillon: I would think that the matter of treaty would ultimately have to be referred to the courts. The hunting and the fishing laws and the game laws are other instances where ultimately a solution may have to depend on—

Mr. Wildman: Haven't been doing too well in the courts.

Mr. T. P. Reid: How about lands then? Are you considering lands under the treaty—

Mr. Dillon: That was legislation, I'm sorry. I certainly was wrong there. But if it is a question of interpretation of the court, then that is—

Mr. T. P. Reid: You are not helping me much with specifics. Let's take lands that we have been talking about, the land claims, because I am a little confused from what we have heard. Are they matters for negotiation or are they ultimately going to wind up in court? Are we all having very nice talks with each other but ultimately the province is going to refer these matters to the court and let the court decide whether these land claims are valid or not?

Mr. Dillon: Actually, I think it has to be both. There are certain matters now before the courts. I suppose they will remain before the courts until the courts decide. That doesn't mean, I would think, that we can't continue to discuss other situations of a similar nature and to keep working towards solutions.

Mr. T. P. Reid: I am not a lawyer but it would seem to confuse the whole—

Mr. Dillon: I am not either.

Hon. F. S. Miller: You have had a fair amount of experience I am sure, Mr. Reid, with these matters.

Mr. T. P. Reid: Yes.

Hon. F. S. Miller: As such you realize that they are not easily resolved.

Mr. T. P. Reid: No, but you made a statement and you have left a lot of confusion in a lot of people's minds. The Indians have reacted to the strong statement and a lot of people are wondering what is in fact negotiable.

Hon. F. S. Miller: Parts of the statement related to the responsibility of the province to manage the resources of the province. That was, I thought, a clear part of that statement. In effect we said that the resources of this province belong to the people of the province, native or otherwise.

There may be, under certain conditions, special concessions given through treaties to Indian people. There may be also, by custom or by preference, certain priorities or privileges granted to Indians that we would like to see carried on. But the fact remains that the government of Ontario is responsible for the administration of this province, and except for those parts of the Indian law which is federal, we have to work in the interests of all people in the province, not the white or just the Indian people. I think Mr. Brunelle was trying to say that quite clearly at that time. That is where we get into the tripartite discussions which try to define those things we can say with some clarity are applicable to the Indian in the same way as they are to the white man, and those which aren't.

Mr. T. P. Reid: I presume what you are saying is that the ones on which there is no agreement between the two or three of you are the items that will go to court.

Hon. F. S. Miller: Right. Hopefully there is room, as there should be in all negotiations, to solve a lot of them without the costly process of the courts. The only issue is that we end up paying for the court costs on both sides of the argument.

Mr. T. P. Reid: I would like to ask Mr. Wilson about something specific then: In the land claim in the Morrison area of north-western Ontario, the Rainy River district from Nestor Falls to Morrison, we talked about this a year or two ago and at that time you indicated that probably all of us would be passed from this life before there was any resolution. I'm sorry, I said that. Let's put it this way, where is that at the moment?

Mr. Wilson: A draft report has been prepared by staff that is being analysed by our legal staff within the ministry in preparation for the additional draft report, to try and sort out the facts and the rights and wrongs of what has happened up there. It's still very active on my desk.

Mr. T. P. Reid: I presume the report then goes from you to the minister and the minister then goes to the tripartite meeting with this?

Hon. F. S. Miller: No, not necessarily. Perhaps an explanation of the tripartite mechanism would be useful. One of the problems we were facing a few months back was the demand by some of the treaty grand chiefs to deal on almost every issue with the elected politician and not with staff.

Mr. Wildman: Chief wants to deal with the chief.

Hon. F. S. Miller: Fine. But the fact is you're asking questions, quite properly, of the man who knows the answers to them. You can recognize, in the time I have available in the day, to become personally involved in all those negotiations would be absolutely, totally, physically impossible. We simply pointed out that in that first round of tripartite mechanisms, that the chiefs and the elected people, federal and provincial, had a responsibility to meet with each other and to try and resolve those issues which staff had brought to a point where either a policy decision had to be made or an agreement reached, or perhaps to deal with those that had clearly reached an impasse.

So we agreed there would be these four working groups set up where staff of our ministries, federal and provincial, would deal with Indians from whichever level they chose—they have their own, they call them bureaucrats, too—to deal with these issues; and that we would meet, for example, some time in September for the next round of the political level, noting whatever progress was made in the areas we've discussed and go from there.

I think we were all delighted with the first meeting and that we made more progress than we expected to make. I'm not holding my breath whilst major steps forward are made at the technical level. These are items that require extreme patience if you get into some of the issues Mr. Wilson is looking into—research into treaties, all kinds of—

Mr. T. P. Reid: They're horribly complex, there's no doubt about it.

Hon. F. S. Miller: Yes, but anyway we're trying. I think we're trying with good faith on all three sides. Only time will tell if that is so or whether in fact it's a method of changing the ground rules.

Mr. T. P. Reid: All right, just one follow-up question to that: where do the local people come in, the people who live in Morrison and Nestor Falls who have camp cabins; and the Indian people who are directly involved themselves for instance? Where do they come in to these negotiations or are you making these decisions? I realize the complexity of the land claims, but when do the local people, who are also directly affected, come into this process? Or do they come in at all until someone up here makes these decisions that so drastically affect them?

Hon. F. S. Miller: I think it's the other way around. The tripartite mechanism works at the staff level so I assume that the Indians directly involved are getting input from the bands, and our end would be looking at the points brought up.

Mr. T. P. Reid: What about the communities of the rest of the people?

Hon. F. S. Miller: Let me ask and see if I'm correct.

Mr. Wilson: I have had direct contact with the townships of Morrison and McCrosson. I've been in the township offices. Morrison and my understanding is the provincial government's own resources minister represents all the people and the thinking from the discussions during the negotiations that have been referred to deals with all the factors involved, including the Indian people and the other residents of the area. In terms of getting their direct feelings, I have had contact, not with each owner resident in the area, but directly with the municipalities.

Mr. T. P. Reid: Having got those viewpoints and those ideas, then I suppose everybody is worried about is when the decision is made, on whoever's side, where does the input come then? Do they sort of report about it in the newspaper? Are they contacted then? The negotiations have gone on between those who are claiming the land rather than those who are perhaps in possession of it, and then what happens? What is the end result of all of this?

Hon. F. S. Miller: I don't know. I really can't project that far ahead. I hope it is resolution to everybody's satisfaction so that we know who has title and where the rights are.

Mr. Wilson: One of the things that might be helpful is that the first step identify the validity of the claim and the rights and wrongs of it. The next step subsequently that, assuming there is validity to the claim would be the resolution of how we set ar

greed-upon wrongs right. But without reaching the first decision unanimously it's very difficult to speculate on the next.

Mr. T. P. Reid: To come full circle then, is there any time limit you can give us on when this resolution may come about? No?

Mr. Wilson: No.

Mr. T. P. Reid: I've got quite a number of things, but I want to go back to something the minister said, to clear up some confusion in my own mind, and perhaps I misunderstood him when we were talking about the sale of land. I understood that when the government made its decision not to sell any more Crown land, for recreational purposes, subsequent to that, not immediately but very soon after, it decided as well not to sell any land for commercial purposes. I understood you to say half-an-hour or an hour ago that in fact somebody could lease commercial land and then buy it after four or five years.

Hon. F. S. Miller: I think what I said, if you check the record, is that I believe that was the usual route, that in a number of cases there was a rental agreement of some kind entered into before the sale. It was my understanding that there was not a period where land could not be purchased.

Mr. T. P. Reid: For commercial purposes?

Hon. F. S. Miller: For commercial purposes. I stand to be corrected if that is not so. I first thought there had been, and whilst I was travelling around the north last year I asked that question of staff. I think I was in the Nipigon area at the time. The staff pointed out highway locations of motels and other service facilities which had been purchased from the Crown, saying that the policy had permitted the sale of selected commercial sites for business purposes. I

would like to know whether that is correct or not. Yes, that's correct.

Mr. T. P. Reid: I have been labouring under a misconception and so have a lot of people who—I didn't say I was a misconception; some might. Just while we've got Mr. Ringham here, I have had people in my riding try to buy lots, or lease for commercial purposes and then buy, and we have been told quite definitely "No, you cannot buy property for commercial purposes."

Hon. F. S. Miller: Jim, did you want to answer that?

Mr. McGinn: Mr. Chairman, the policy of the ministry is that for commercial purposes, such as motel sites or gasoline stations or some other enterprises, there is no reason why a person who makes application to the ministry can't have that land sold to him. The land is sold on the basis of appraised market value. They pay on that basis of fair market value to the government and they acquire title for it.

Mr. T. P. Reid: But they couldn't buy a site for a tourist camp?

Mr. McGinn: Yes, they can.

Hon. F. S. Miller: Again, it may be a question of specific land, and I think that is one thing we have to look into in the cases of any people who are turned down. In other words was there a future use for a piece of land?

Mr. T. P. Reid: Mr. Chairman, I have some other questions, but it being 10:30 perhaps we could resume tomorrow?

Hon. F. S. Miller: I would be delighted.

Mr. Chairman: Very well. We shall adjourn until 10 o'clock tomorrow morning.

The committee adjourned at 10:30 p.m.

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Resources Development Committee

Estimates, Ministry of Natural Resources



Second Session, 31st Parliament

Wednesday, April 26, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, APRIL 26, 1978

The committee met at 10:10 a.m.

ESTIMATES, MINISTRY OF NATURAL RESOURCES

(continued)

On vote 2402, land management program; item 7, land, water and mineral title administration:

Mr. T. P. Reid: Mr. Chairman, I had meant to ask this question last night. Annuities and bonuses to Indians under Treaty No. 9, what is that item for again? If you look at your estimates book you would know what that is. I think it's an annual payment of \$5 or something per person.

Mr. Keenan: Mr. Chairman, it is a payment to which Ontario is obligated under Treaty No. 9, and I think it's \$5 per family or such some number as that. It amounts in total to \$48,000.

Mr. T. P. Reid: And we have seen paying that sum since the treaty was signed?

Mr. Keenan: For a very long time. It dates originally to 1905 I guess, and to the Treaty No. 9 Adhesion, in 1929.

Mr. T. P. Reid: I don't presume that's a matter that they want to renegotiate?

Hon. F. S. Miller: Not unless it's upwards in dollars.

Mr. T. P. Reid: Right. I always like to ask at least one question about money. Does the acquisition and construction of physical assets item include any new mineral offices anywhere, or what is the construction?

Hon. F. S. Miller: I would suspect if any construction funds were there they would be under the Ministry of Government Services, so I assume these are for purchase of land but I will turn that over to Mr. Keenan also.

Mr. Keenan: Yes, sir. The bulk of that, the big chunk, is land acquisition.

Mr. T. P. Reid: For what?

Mr. Keenan: Basically most of the land acquisition is for recreation purposes, more specifically for parks.

Hon. F. S. Miller: The physical assets when they were built would be in the nature

of dams, would they not, or water control measures, or am I wrong there?

Mr. Keenan: Yes, they would be in the earlier vote.

Mr. T. P. Reid: All right. Mr. Chairman, I need a little direction on this; I had intended to be here previously but was unable to. I would like to ask about the spraying policy of the ministry. I realize that perhaps this should have come up under another vote, but it seems to me that since it affects land and water, perhaps we could have a brief discussion on the spraying program of the ministry.

[10:15]

I am concerned about the effects of spraying on land and water, what studies are done prior to different sprays being used, and whether they are cleared with the Ministry of Environment before they are used.

Hon. F. S. Miller: I assume this properly comes under forest management, later on.

Mr. Chairman: Vote 2404, item 2.

Mr. T. P. Reid: All right. I will wait until then.

Mr. Chairman: We'll welcome you back at that time.

Hon. F. S. Miller: I had a fair amount of information on that topic, and I think I have still got it in my office.

Mr. Chairman: Do you have any further questions, Mr. Reid?

Mr. T. P. Reid: I wonder if the minister could explain the mineral title administration aspect of the vote to me. What does that cover?

Hon. F. S. Miller: The registration of mining claims, I would assume?

Mr. T. P. Reid: Can we talk about mining under this?

Hon. F. S. Miller: No. Mining comes under another vote. The land rights under mining come under this vote—the kinds of things Mr. McGinn was touching on briefly last night when being questioned by Mr. Sargent on the subject of whether a person could have mineral rights on their land when they didn't own the surface rights or vice versa.

Mr. T. P. Reid: We don't want to talk about MEAP or things like that, but I want to ask one question. In the strategy for development of northwestern Ontario, the point is made under the section dealing with mining lands that lands will not be withdrawn for public use until it has been proven that there are no mineral resources on that land.

Hon. F. S. Miller: I hope the word "proven" isn't in the statement. I would hate ever to be one to say we have "proven" there are no mineral resources.

Again, if you look at Atikaki and the original proposal made by the group that was endorsing the Atikaki provincial park—or federal park, whichever form it might have taken, since it was crossing two boundaries—the land they wanted us to set aside contained an area of what I think they called greenstone, which staff felt had some possibility of containing mineral.

Second, we were in the process of some airborne radiometric surveys, I think as a federal-provincial joint venture, in that general area over the summer of 1976 or 1977. It seemed to me that the results were being analysed just about the time I was meeting with the Atikaki people, and we were waiting for some results last July on that study. We were pretty reluctant to see a land mass set aside if the existing analysis of the geology indicated a probability of mineralized areas.

When we finally set up our own reserves, I am told we excluded the sections of the greenstone, because it had a potential for mineral, and left within the reserves those kinds of lands which appeared to have little known potential. But to prove they don't have any, I think would be foolish. It's like proving you haven't got mental illness.

Mr. T. P. Reid: I don't know whether I want to argue that. My mere presence here indicates that I have at least a touch, as we all do.

I guess the question then is, while I presume no one can prove completely whether there is any mineral there or not, what sort of guidelines or tests are you going by? Are you going by your aerial surveys and leaving it at that?

Hon. F. S. Miller: I probably would need one of our geological people to go into the details. But I am sure you know how much advance work this ministry does in pre-determining the kinds of geological formations around the province, making this material available to prospectors and developers. So I would say we have as good an overall

appreciation of the types of geology and potential for mineral exploration as most areas in Canada have, on a detailed basis, but certainly infrared measurements, and so on, to give us measures of a whole series of phenomena from the forests to the types of geology, and so on.

Mr. T. P. Reid: But it's obviously not a perfect system either.

Hon. F. S. Miller: It is not perfected, but I think it has many applications—even pollution can be examined through this system. It has lots of potential for use. I think what we would say to you is that that potential is only becoming understood as work progresses in that area.

Mr. T. P. Reid: Can you use it for judging the depth of soil or overburden? Can it give you a classification of the types of soil, for instance, where regeneration might be more successful than in others, that sort of thing?

Hon. F. S. Miller: Certainly we can tell you where there are diseased trees, because they were showing that to me from the air. Mr. Keenan would like to amplify.

Mr. Keenan: A good deal of this information is available. One of the projects that is currently under way by the OCSR is a study of the physiography of northern Ontario that would complete the basic work that Chapman and Putnam did for the south. It deals with land forms and suchlike in the north and the analysis of the various types of muskeg that occur there. This can be very useful information both for us and, of course, for companies.

In terms of reforestation it is possible through the use of remote sensing at various seasons of the year, based on the different degrees of reflectivity of the foliage, to determine conifer from hardwood, for instance, and to determine the presence or absence of, say, coniferous regeneration. One of the keys is the degree of resolution; that is, what is the smallest area that can be identified. I think this is about 90 metres now. But the new generation of satellite information that is going to be coming on stream in a fairly short period of time, within the next year or two, will give a much finer degree of resolution. In other words, an awful lot more detail will be available and, of course, the technology of extracting that detail; a lot of it's done by computer now rather than visually. The information is digitized and radar images are used.

Hon. F. S. Miller: For example, the cabin you were talking about yesterday might now, with the new resolution factors, be discernible from the satellite.

Mr. Keenan: Especially if you have a fire.

Hon. F. S. Miller: Is that under this vote?

Mr. Keenan: It's under the previous vote, actually, under land and water classification.

Mr. T. P. Reid: How much does that cost us? I don't want to go off on a tangent, but—

Mr. Keenan: I don't have the exact numbers here.

Mr. T. P. Reid: Well, we'll talk about that.

Mr. Keenan: We'll be glad to talk to you. I think it's of the order of \$300,000-odd.

Hon. F. S. Miller: We have client groups, I believe, which help us with the overall costing.

Mr. T. P. Reid: That's what I was going to ask. We'll go over there and you can tell me all about it.

I just have one further thing on this, Mr. Chairman, and that is that I would hope the ministry and cabinet would decide on the land sale policy as quickly as possible. I would like to make two comments. I have been inundated, as I know the district offices have been, with people wanting to buy, but particularly those who have leased in the last few years. It seems to me that it would be very unfair if those people who leased were now not able to purchase the lots they leased in good faith and did so under those circumstances.

The other thing I would hope is that the commercial fishermen would also be treated with some fairness in this matter and that on the basis of their operation they would also be entitled to purchase the property, because I think they're as entitled as anybody else to have that piece of land to operate on, and to pass on if they so desire. I would just hope that would be resolved as soon as possible. It would certainly stop my telephone ringing.

Hon. F. S. Miller: On the first item, the question of conversion of an existing lease to ownership, I would have a good deal of sympathy with that point of view.

Mr. T. P. Reid: How about the second, the commercial fishermen?

Hon. F. S. Miller: Interestingly, I just met with the commercial fishermen, in the first of what I hope will be a series of regular meetings, two days ago at our invitation. I am sure the issues they face will be brought up, but that's one that, up to date, I've never even had mentioned by any of them. Their discussions usually centre on quotas and techniques.

Mr. T. P. Reid: Well, if you're putting them out of business with quotas, they don't need a piece of land.

Hon. F. S. Miller: May I ask you which way would you resolve that problem when there is a shortage of fish in, say, Rainy Lake?

Mr. T. P. Reid: That's a problem, there is no doubt about it. The problem is that they have their statistics and you have yours.

Hon. F. S. Miller: I think the fact remains—I am digressing for a second—but everyone is sure he is not hurting the resource, I don't care whether it's a fisherman or a forester. The fact is that left to their own devices, they will optimize today's harvest to the disadvantage of tomorrow's.

Mr. T. P. Reid: Just one comment: Appreciating that the quota is their number one priority, the Rainy River commercial fishermen and fur people would like that consideration as far as land goes.

Hon. F. S. Miller: I met with Jack Corbett, who is familiar with that area. This week it was Lake Erie's shot. I am told the next time round he is going to bring another group in. He is going to bring them in on a regional basis. So I'll be listening to regional problems each time the fishermen come in with Jack Corbett, and I would suggest the time will come when we will be able to talk about that.

Mr. Chairman: I would just like to remind the members of the committee that we've taken up over four hours on vote 2402, item 7. I hope we will conclude the discussion on this item because we've got a lot more to go.

Item 7 agreed to.

Mr. Wildman: Mr. Chairman, just a moment. Is it possible to get an answer to the questions I raised? Has the staff prepared any answers to those? Okay, thank you.

[10:30]

On item 8, conservation authorities:

Mr. Gaunt: Mr. Chairman, I just wanted to get an update on how the flood-plain mapping stands at the moment. This is my annual plea and there's no sense in mucking up the record again in going over the same old ground. Have we made any progress since last December?

Hon. F. S. Miller: It's the same old ground but the question is whether we're going to flood it or not.

Mr. Gaunt: We didn't have one this spring. We were very fortunate. Have we made any progress in this respect since last December, the date on which we last discussed this matter in the estimates?

Hon. F. S. Miller: I would say some progress was made. Mr. Bugar is here. He could probably bring you up to date in terms of exactly where we are. I suppose, with the change in the Ministry of Housing recently, since this matter impinges on them as much as on us, there is probably some time required while the new minister becomes familiar with the problems and the background, just as there was for me last year.

I have attended the Provincial-Municipal Liaison Committee meeting within the last short while to put forward a set of proposals to them and, in turn, they came back with a set of proposals to us on which Mr. Bugar can offer some comments.

Mr. Bugar: Last December we sent out the proposed flood-plain mapping policy and asked for comments from municipalities, from conservation authorities and from interested parties. We have now got all those comments in. We have formed an interministerial committee including Housing, the Ministry of the Environment and the Association of Ontario Municipal Engineers. That group is now working diligently, and I would trust that within two or three more months we will be able to put forward a flood-plain policy.

Hon. F. S. Miller: It's a long, hard fight and it's not one in which there is a great deal of unanimity.

Mr. Gaunt: That's true, but I think there should be certain common denominators showing up across the province and I would hope the views of the authorities and the municipalities would reflect those common denominators. I think there have been problems across the province. I don't think it's been peculiar to my area. I think there have been other areas which have expressed concern as well. I would presume those common denominators would show up in the new policy. I hope they would.

What is the disposition at the moment—or is this a fair question—with respect to where the ministry is going to saw off in regard to this problem?

Mr. Keenan: In terms of the storm sewers?

Mr. Gaunt: Is it going to be the 50-year or 100-year and up?

Hon. F. S. Miller: I don't recall a 50-year storm.

Mr. Gaunt: A 25-year.

Hon. F. S. Miller: The 100-year and regional were the two basic ones that we discussed.

Mr. Gaunt: Oh, yes, I'm sorry. You're right.

Hon. F. S. Miller: I think our current position is the 100-year storm, as I recall. It's been my position; I'm not sure it's anybody else's.

Mr. Gaunt: I'm with you.

Mr. Bugar: That, in effect, would be what this committee is putting together so that a recommendation could go forward whether it is the one in 100 or the regional storm. We have had something in the order of 100 responses from municipalities, authorities and interested groups and the committee is now studying these. Certainly, we're putting forward those things that are common and those things where there are divergent opinions. What we hope to come up with is a recommendation to the government as to what the basis for the designation of flood-plains would be.

Hon. F. S. Miller: There's certainly a built-in reluctance, I think you'll realize, Mr. Gaunt, on the part of the areas that have done a lot of engineering work based upon, say, the regional storm concept.

Mr. Gaunt: I understand and that's one of the difficulties in trying to change government policy when there's a vested interest in maintaining the status quo.

I understand the part about the expense. I think the Maitland Valley Conservation Authority, and the Saugeen Valley Conservation Authority to a lesser extent, have gone to a lot of expense in flood-plain mapping work and I can understand the reluctance to change it. The fact of the matter is, if it's wrong it should be changed, regardless of the expense.

Hon. F. S. Miller: It's not a question of wrong or right. I wish this were the case. Yesterday I was addressing the Grand River Conservation Authority at its 40th anniversary. It is the grand-daddy of all our conservation authorities. One can recognize, as I mentioned in my speech yesterday, that they have almost one entire community which wouldn't exist if any of the criteria we talk about were used, whether it was the 50-year storm or whether it was the 100-year storm or whether it was the regional storm. That community not only may get wet from time to time, it does.

Any of the things we propose will have an element of risk.

Mr. Gaunt: As they should have. There's no way we can protect them 100 per cent.

Hon. F. S. Miller: That's the important ingredient; we keep saying publicly that

here isn't total protection unless you're living at the top of the hill. Therefore we have to make sure that risk is understood.

An hon. member: Like the Conservative Party.

Hon. F. S. Miller: No matter who survives, the Conservatives will. We get into the ark regularly.

Mr. Wildman: Two by two.

Interjections.

Hon. F. S. Miller: He's just trying to get me stirred up over here.

Mr. Foulds: No instant replays here.

Interjection.

Hon. F. S. Miller: We need to keep hammering that. I would suggest, as opposition critics talking to audiences, you can be serving the cause for fairness by stressing that.

Mr. Gaunt: Believe me, I have. I've done more than my share.

Hon. F. S. Miller: I know you have and I'm not talking to you.

Mr. Gaunt: I see.

Hon. F. S. Miller: I'm talking through you to all those others who are listening to me today. People have to be conditioned, they almost and invariably are to be willing to take a risk in advance of the fact; they have to be willing to put up with the risk if it occurs, that's really the problem. When the basement gets wet and the playroom furniture is destroyed they turn around and say: "Gee, you'd better pay us for this because after all you let us build here."

Mr. Gaunt: I appreciate what the minister is saying. We've gone over this before and don't want to belabour it.

Hon. F. S. Miller: It's almost a replay.

Mr. Gaunt: It's a replay, but it's an important replay.

Hon. F. S. Miller: Sure it is.

Mr. Gaunt: I think it is important that some of it be put on the record again. It's a major concern of mine. I'm reflecting the views of many people in my area when I say flood-plain mapping has been a source of some considerable disagreement over the last two or three years.

Hon. F. S. Miller: Yes, it's been a long time, but I think when one looks at (a) the tremendous amount of data that was collected and (b) the number of groups which have as you say vested and opposing interests, in the process we use today of getting maximum discussion before coming

to a conclusion I don't know how you could have speeded it up much. Mr. Keenan had some comments about flood-plain mapping costs.

Mr. Keenan: Mr. Chairman, I was just going to comment on the fact that Ontario has recently signed, with the federal government, a flood-risk mapping agreement under which federal funds are going to supplement Ontario funds in speeding up, if you will, the identification of flood-risk areas, based on the minimal one-in-100-years storm criterion.

Mr. Gaunt: That's what the federal government has opted for, the 100-year storm?

Mr. Keenan: This is their national minimum, if you will.

Mr. Gaunt: That makes it easier for you, doesn't it, when they have gone that route?

Hon. F. S. Miller: Yes, I would hope so. What I need to hear is that the other agencies which are involved have accepted or rejected, whichever it may be, the logic of that federal standard. That's what we're working on.

Mr. Gaunt: I'm wondering if the conservation authorities have done this on their own or if there has been any suggestion at the provincial level that this be done. I'm speaking of conservation authorities which are now advising that they have two degrees of flood-plain mapping. One is the flood fringe and the other is the flood plain. Flood fringe allows people to build and develop, provided certain conditions are attached thereto.

Hon. F. S. Miller: Yes, I think that the actual terms are the flood way and flood fringe concept. In other words, the flood way is that part where the force of the water is great enough to do physical damage to anything or cause loss of life. The flood fringe is the area in which there would be flooding to a certain depth but probably a tolerable depth and probably not with velocities of water which would likely cause building damage or cause severe risk to lives.

That again was a proposal and it's certainly what we put forward for saying that it would solve a lot of the problems you're talking about and reduce the amount of land. From six per cent to four and a half per cent would be cut back by a combination of those factors that are presently removed from use.

Mr. Gaunt: If we go to the 100-year storm, how will that affect the flood fringe? It will undoubtedly shrink the floodway but will it affect the flood fringe?

Hon. F. S. Miller: I would suspect it affects the flood fringe far more than it affects the floodway. That depends to a large degree upon the physical characteristics of the watershed. We have some watersheds where we have fairly deep river valleys and there is no such thing as a flood fringe. It's virtually all floodway. We have others in Essex county area where it's all fringe. Some parts of it are fringier than others.

Mr. Gaunt: Yes, we talked about that last year too.

Hon. F. S. Miller: In any case, when you reduce from the regional storm to the 100-year storm, basically you're saying you're willing to accept the fact that you're designing for fewer inches of rain in a given period of time. Fewer inches of rain may be a factor of two. Therefore, the total volume of water handled is less. If the volume of water handled is less, it is likely that either the flood fringe shrinks or is less deep.

Mr. Gaunt: I'll leave that for the moment. I suppose the whole picture will be clarified in the next two or three months and perhaps next year when we come back we can re-view the policies in greater depth.

Hon. F. S. Miller: It depends on whether we're using the 100-year storm or the regional storm, whether it will be important.

Mr. Gaunt: That's right. If we're using the 100-year storm—

Hon. F. S. Miller: It won't be in depth.

Mr. Gaunt:—this vote will slip through very quickly. If it's the regional storm, we'll have some problems.

Mr. Riddell: Could the chairman permit me just a short supplementary on this item? I can't say I disagree with flood-plain mapping to show there is an element of risk to anyone who intends to build in that area, but what authority does the conservation authority have over development in the flood plain? The reason I ask that is that apparently the farmers in eastern Ontario, according to my understanding, are up in arms because they maintain that the conservation authority has frozen their land. There can be no development of any kind and they can't even build on to their barns in this flood plain area. I'm wondering just what authority does the conservation authority have?

Hon. F. S. Miller: I'd have to ask Mr. Burgar to clarify the statutory authority, if any.

Mr. Burgar: The authority on the passing of a regulation acquires the right to issue a permit that would permit building in the

flood plain or not issue it and, therefore, not permit the building in the flood plain.

Mr. Riddell: So they have to get several permits in order to build. If the conservation authority does not issue a building permit in the flood plain then there is just no possible way they can build. Is that true?

[10:45]

Mr. Burgar: Yes, sir. In essence, that's correct.

Mr. Riddell: So really they have quite an authority. It's questionable whether they should have that authority, in my way of thinking.

Hon. F. S. Miller: Again, yesterday's speech touched on that. A good deal of what's happening today in terms of the prevention of building, you can date from one of two or three events in this province. Certainly Hurricane Hazel in October 1954 indelibly impressed upon a number of municipalities across this province the real risks of the fact that it wasn't something that might happen somewhere else but did happen here. It causes, like most emergencies, an overreaction. I think you've faced an overreaction over the years. We have charged conservation authorities also, since the mid-thirties, when I'm told a series of events in the Grand River watershed of an opposite nature—no flow of water—caused demands from the farmers in this particular case, to make sure actions were taken to protect them in the future from wildly fluctuating levels of water.

So, in effect, historically these resulted from the demands of the people. In so doing, you can't have an organization that doesn't have teeth. The problem is how wisely do the organizations use the authority given to them and do they, in fact, communicate well with their member municipalities and the groups affected? That, I think, is a function of all government. I can only say that if you've got a conservation authority that's being unreasonable in its application then there is cause for all of us to talk to them. Others—and I think the Grand River Conservation Authority probably is one—have maintained very good liaison with all of the people around them in attempting to solve problems that were highly visible in that watershed and, therefore, caused it to be the first to be tackled. You live on that watershed, I guess, to some degree or your riding is in it.

Mr. G. I. Miller: Yes, my riding is.

Hon. F. S. Miller: It was a river which had wildly fluctuating flows over the years.

Mr. J. A. Taylor: On this very point, the conservation authority submits a bylaw, as I understand it, which would designate the flood plain and which must have the approval of the regulations committee of this government. Is that correct?

Hon. F. S. Miller: I'd have to check. Mr. Bugar, is that correct?

Mr. Bugar: That's correct, yes, sir.

Mr. J. A. Taylor: Could you tell me what investigation your staff makes in connection with that submission for bylaw approval before the bylaw designating a flood plain is approved?

Mr. Bugar: I'm not exactly sure that I understand "investigation," but we have insisted that the authorities receive from the municipality their agreement that the regulation should be passed before we are prepared to accept it here.

Mr. J. A. Taylor: Do you have some objective criteria that you apply against that submission before approving it? May I give you an example? It might be helpful. Not long ago the Cataragui Region Conservation Authority submitted a bylaw for approval which designated a parcel of land as flood plain, and that application came before the regulations committee. There was no indication in the information submitted with that application as to whether or not the land affected by the bylaw was publicly owned or privately owned.

There was no map or plan indicating the perimeter of that property. It wasn't known whether the land was the subject matter of an application for rezoning. It wasn't known whether the government or the regulations committee was really being invited to play a role in a contest between a developer and a municipality. One dealing with an application without the relevant facts, might innocently find himself embroiled in a private battle.

Surely there would be some objective application of criteria to assess the validity of an application to designate a parcel of land as flood plain. I was just wondering if you do that; if that's defined. The example I have given you is one, but I don't want you to interpret it as being an improper application. I am sure that, as the facts evolved, the decision was a correct one. I don't wish to take issue on whether it's right or wrong, but it's an example of the type of things that can happen. It could go through your ministry, through regulations committee, and the Good Housekeeping seal of approval could be put on that particular bylaw without knowing all the facts involved.

Could you elaborate on your objective criteria?

Mr. Bugar: Mr. Chairman, may I say that partially as a result of the concerns that were raised by the Kingston application, we have set out the objective criteria to cover the points you have just mentioned; all those points have to be included in the first submission of the recommendation for a regulation, so that we are aware there is a map, so that we are aware of the current zoning status and so forth. Those things are laid out and sent to the authorities with the instructions that they be covered when they send in their application for a regulation, so that the regulations committee then has that information before it's asked to make a decision.

Mr. J. A. Taylor: I am not as concerned with the regulations committee stage as I am about the application from the ministry for approval of that submission. Your ministry brings forward that bylaw to the regulations committee for approval, and under our system of government there is a great deal of reliance on the expertise at the staff level before that bylaw would come before the regulations committee.

What I am concerned about is what investigation you make at the staff level before bringing forward a submission requesting approval, because that's what the submissions do as they come before the regulations committee. There's already a decision made at the staff level that the bylaw should be approved. If you don't know even whether the land is publicly owned or privately owned, surely that is a relevant matter.

Mr. Bugar: Mr. Chairman, I am sorry. That information must come to the ministry before we make a recommendation to the minister, so the staff does look at all that information before a recommendation goes to the minister, which he would then take to the regulations committee.

Mr. J. A. Taylor: But obviously it didn't in the example I gave you, because those before the committee didn't have that information.

Mr. Bugar: As I say, partially as a result of that particular episode, we have made those requirements to the authorities a little stricter than they were prior to that.

Mr. J. A. Taylor: The other point I would like to have you comment on is, what ongoing relationship do you conduct with a municipality, whether it is an area municipality or a regional government, in regard to the development of its official plan or plans or

amendments to official plans in designating flood-plain areas?

The issue that I am trying to get at is the difference between land-use planning and again the support by this government of a designation by a local municipality on its official plan for open-space, flood-plain hazard lands or some other euphemism for sterilization. I would like to know what involvement there is which would give credence to a municipal designation which may not be relevant in terms of protecting the personal safety of individuals and property from flooding. Do you work with the local municipalities in those designations?

Mr. Bugar: Mr. Chairman, if I may insert here, the majority of the members of any authority are appointed by the municipality. The provincial government does not appoint the majority of the members on an authority. We feel in this way the municipality has the majority of members on the authority—that is, the group that makes the decisions about what that authority does. The staff relationships then, between the authority and the various municipalities in that authority, have to be very close so that when the official plan is being developed, information is sought from the authority, and the authority puts the information into the official plan development in terms of those lands that they think should be designated as flood plain or other lands or conservation lands. So there is a close relationship in the development of an official plan with the conservation authority in the area.

Mr. J. A. Taylor: You are assuming, of course, that that relationship is a legitimate one in terms of the criteria that you would apply on a provincial basis as opposed to criteria that would be applied in regard to straight land-use planning.

I'm not getting through to you, Bob. All right, would you like to take something close to home, maybe the MTRCA? Then with the advent of Hurricane Hazel and the initiative on the part of MTRCA to acquire flood-plain lands there were literally thousands of acres of lands picked up for conservation purposes. There was an expansion of those lands from the actual flood plain up the slopes and to the tops of the bank.

The policy—I see you are nodding your head—was to protect the valley lands and for that you had to acquire the slopes. In some cases the actual expropriation line going through the patios of people who had ravine lots.

Also at that time—and I am sure it doesn't happen now—the eagerness of the authority outdistanced its financial capability, in that

if it hadn't been called upon to settle those expropriations, there wasn't enough money to do so. At the same time interest was running from the date of expropriation at six per cent—which is pretty cheap financing. What I am saying is that the local conservation authority was working with the municipalities in developing land use, including park lands or areas that were for public use but were not in jeopardy in terms of flooding.

That criterion, the application of land-use planning I would think, would not be the same criterion that you would use as a representative of the Ministry of Natural Resources in terms of whether or not that land should be designated for flood-plain purposes. Or would you not agree?

[11:00]

There is a hiatus between the way a municipality may look at land in its overall perspective of how its community should be laid out—whether it should be public lands, a ballpark or some other kind of park—and working in concert with the local conservation authority. Of course, the bigger the authority the more distant the appointed members of that authority are from the staff, or the less chance they have of being fully conversant with all the information. Then do you accept that as good enough in approval of a bylaw designating land as flood-plain land?

Mr. Bugar: Mr. Chairman, at present the ministry has set the standard for flood-plain land, and it can be described in an objective way in different parts of the province somewhat differently, but nevertheless for any given authority the land that is to be termed flood plain has been settled in an objective way. So we don't have differences of opinion between the ministry and an authority as to what is called flood-plain land.

Some other lands that the authority may acquire or may wish to acquire as a result of their involvement possibly with the development of an official plan may be designated for recreation. We feel that is the prerogative of the authority and the municipality to agree on the designation of that land as recreation. But there is an objective set of standards for the designation as flood plain.

Mr. J. A. Taylor: Then would you approve a bylaw designating land as flood-plain land if that land was in excess of the land that would be covered using your objective criteria? Presumably they are mathematical criteria as opposed to judgement in terms of community development.

Mr. Bugar: If the municipality chose to exceed the criteria for designation as flood

plain we might request that they choose another term for it, but we wouldn't argue with the designation of that land as something to be set aside.

Mr. J. A. Taylor: No, but you wouldn't have the authority in that case because you would have to approve the bylaw designating it flood plain. What I am saying is, have you ever requested a conservation authority to exclude or include lands in its bylaw because the land as described in the authority submission to you would not be the lands that would have been included in the criteria?

Have you ever asked an authority to exclude certain of its lands from its bylaw? The flood-plain bylaws are submitted for your approval; are they universally correct and automatically approved or do you sometimes request a municipality to amend the perimeter of that land because it doesn't meet your criteria? In other words, they are including more lands than they should if they apply your objective criteria; or on the other hand, they don't include enough because it doesn't meet your criteria. I am asking you, have you ever had that experience?

Mr. Burgar: Mr. Chairman, I am sure—I can't cite specifics—we have had both experiences where if the municipality wished to designate as flood plain somewhat less than we felt met the criteria we would certainly then request that it be expanded to meet the criteria. Where they had included more we would point out that that is in excess of what we are saying is the minimum criteria, but it is the municipality's right, then, to designate a broader area for what they might choose to call conservation land.

Mr. J. A. Taylor: You are giving me a hypothetical answer. I am asking you if you have specific instances of where you have directed the exclusion of land because it was in excess of the land that would be included under your criteria.

Mr. Burgar: I can't pull any out of my memory at this point, but I can certainly check and give you specific examples if you would like.

Mr. Chairman: I think, Mr. Taylor, that has been a pretty long supplementary. Mr. Gaunt, I think you had the floor.

Mr. Gaunt: I gathered the Huron county council has submitted its views with respect to flood-plain mapping. I believe they have suggested it should go on the basis of the regional storm. I wanted to make the point that many municipalities, though not all, don't fully understand the implications of the re-

gional storm as it applies to their municipality. This is one of the difficulties we're coping with.

There seems to be a great hiatus between the municipality and the conservation authority. Having said that, I appreciate full well that many municipalities have their own representative on those conservation authorities and I can't understand why there seems to be this breakdown in communication, and there is a breakdown. Many municipalities don't seem to know or understand or appreciate what the regional storm criteria do in terms of flood-plain mapping. They just don't seem to understand or appreciate the amount of land that is so designated and the restrictions put on that land for building or development purposes. It's only after problems arise that they begin to ask what they've got themselves into, why they did what they did and why the province doesn't make some adjustments because they can't live with it.

It's always an after-the-fact situation which makes it very frustrating to cope with. One is always trying to lock the door after the horse has gone. Based on my experience over the past two or three years, I can understand why the Huron county council would make that recommendation. For some reason, in my experience the municipalities haven't until now understood the full implications of flood-plain mapping as it applies locally.

Mr. Burgar: My very brief comment on that is that I have noticed in the short while I've been with the authorities that there has been some lack of communication between the authorities and the municipalities, specifically on the points you're raising. I'm making a point of trying to make sure that the authorities re-establish a much closer and better understanding with the municipalities about the implications of the regional storm or the one-in-100-year storm. Unfortunately, there has been a gap in the communications, and we simply have to work to repair that.

Mr. Gaunt: I can cite a very specific example where that happened. The Huron county planning authority was holding public meetings at which the conservation authority was in attendance. The Huron county planning authority was holding public meetings concerning Howick township's official plan. At the end of the public meetings they decided, on the instance of the conservation authority, I believe, to talk about flood-plain mapping. They were going to incorporate flood-plain mapping as part of the official plan of the county, right there and then.

It was almost by accident, that some people who, to their credit, were pretty sharp, started asking some pertinent questions that it started to unfold. Then the whole thing blew up. They had to forget about that part and they've never been able to carry that part forward since then. As you know, a number of delegations which have met with the minister have been from that municipality. Once the flag went up, they started investigating this matter very thoroughly and became aware of just what was going on. There's no way that that municipality, as it currently stands, would have any part of allowing the flood-plain mapping proposals to become part of the Huron county official plan, no way. They would fight it right to the final straw if they had to. That's one of the difficulties I see in trying to come to grips with this problem.

Let me move on now to another aspect of conservation authorities. I do this with some trepidation because I have a lot of regard for the work the conservation authorities do in the areas, and I have a high regard for the people who serve on them. I want to try and get the minister, if he can, to define in fairly precise terms the role he sees for the conservation authorities.

Let me explain. As I understood it, initially the conservation authorities had a mandate to undertake flood control and water management. Over the years that seems to have progressed, and it has developed to the point now where that role is indeed a very secondary one. The conservation authorities are now into the high profile stuff. They're into land buying, they're into park development, they're into skiing, the recreational aspects of it all. I just wonder if the conservation authorities should be moving in this direction to this extent, because I know there's quite a move afoot to buy up large tracts of land and get right in there and bid on the open market with other competitors, competitors from the point of view of other uses. I just have an uneasy feeling about this. I feel that perhaps the role of the conservation authorities should be redefined.

Hon. F. S. Miller: It has been.

Mr. Gaunt: Have they got the message yet?

Hon. F. S. Miller: I think they have. My parliamentary assistant, Mr. Paul Yakabuski, really has played a major part in dealing with conservation authorities in the last year since I've become minister. He really handles most of the contact with them for me. That period of time has seen us change the grant structure, and I think the grant structure has a fundamental effect upon how moneys are

spent by any organization. These are no different. Today we have reduced the grants for land acquisition and told them clearly that their priority must be water management. It's on that basis that our grants were changed.

We have—I don't know how many categories—three categories in effect: program administration, water and related land management, and conservation and recreation land management. It's the latter one that was bothering us. If I'm not wrong, there is no supplementary grant on the latter one. Is that right? Nor on the recreation component. They get a flat 50 per cent on that type of expenditure, whereas in the water and related land management category, the land acquisition for something related, say, to a dam or a flooded area, of course, is vital and that's 55 per cent. Then we add to that a supplementary amount, which is calculated by a formula I wouldn't try to describe that relates to the ability of the municipality to raise funds. That goes, as the chairman of Metropolitan Toronto and Region Conservation Authority reminded me yesterday, from zero for him—

[11:15]

Mr. Wildman: Rainy River.

Hon. F. S. Miller:—up to I guess as high as 30 per cent. So in other words, where it was a water-related management project in an area of the province that had great need, the province could be paying 85 per cent. If it was a land acquisition that wasn't related to water management but was more recreation oriented, it would be 50 per cent. When you look at the difference, \$15 brings \$85 in one case; \$1 brings \$1 in the other case. There's a pretty fundamental difference—almost a six-to-one ratio in the one case, isn't it?—of local dollars to provincial dollars? So we told them at the time the grants were changed, that that was our stated purpose and I am sure that message has not just been stated once, it has been stated many times.

Interjection.

Hon. F. S. Miller: There's another financial discouragement that's been very effective and that's flat-lining the budget. The conservation authorities' budget this year is about the same as it was last year in total dollars, in the range of \$27 million. I can assure you that had the moneys been available they could have spent a lot more and this therefore curtails spending. You know how reluctant a municipality is to spend money, 100-cent dollars.

Mr. J. A. Taylor: You have the authority to undertake a scheme legislatively and then

you deny sufficient funds to accommodate the authority to carry that out. All that does is encourage pressure on you to loosen up a little or to criticize it. What I am saying is if you have in fact changed your policy and that there is a directive to the authorities that regard, then is your plan to be followed through with legislative change?

Hon. F. S. Miller: (a) I am not convinced it's needed, but it might be; and (b) I think that the present grant structure and the overall budgetary ceilings are very effective. Paul, you might want to make some comments on this.

Mr. Yakabuski: Not necessarily, but I think you are correct. Letters did go out to all the authorities stressing that their role was always really water management and flood control, and I think, as the minister has stated, the message has got through. With the other constraints, I think it has had an additional effect on it really getting through to the authorities.

Mr. Chairman: Have you any further comments, then?

Mr. Gaunt: No, I don't other than a little personal advice for the minister. I would suggest that he take a little apple cider vinegar for that 'flu bug he obviously has.

Hon. F. S. Miller: Does apple cider vinegar come from your riding?

Mr. Gaunt: Yes.

Mr. Chairman: You can't practise medicine here, Mr. Gaunt.

Mr. Hennessy: Mr. Chairman, my concern is about the district of Thunder Bay, the Keesee River. There was quite a lot of flooding there. I guess you are aware of it.

Hon. F. S. Miller: Yes.

Mr. Hennessy: I appreciated the support that you gave us in regard to having a study made, but it doesn't solve the problem because eventually the land is going to be eroded. People are going to lose their homes located here, and I wish Mr. Ringham would make note that I am concerned about that situation.

A committee was formed. They met with the conservation authority people and I would like to see this program implemented around the area of Scott Highway. I'd just like to bring it to your attention. I appreciated your support at that time but I would like to see the support increased to some extent or something done in regard to the people losing a great quantity of land from erosion. The water has taken away many feet—I would say 50 or 60 feet—within

the last four or five years. Eventually the homes are going to be taken into the water. I am just wondering what steps the ministry has in this respect because the people are concerned.

Hon. F. S. Miller: I think I would have to ask either Mr. Ringham or one of the other staff members to talk about this specific one. Mr. Ringham, living in that immediate area, may be the one who wishes to answer. Mr. Baxter is here also from the Thunder Bay regional office, north central.

Mr. Ringham: I can't give you any specifics on it, Mr. Hennessy, but I understand it has been brought to the attention of the conservation authority. It was my understanding they were going to do a survey to get some idea of the extent of the damage. I can't give you anything more specific than that.

Mr. Hennessy: Would you be kind enough to send me a report of what the study has produced, so that I will have some idea and perhaps we can talk to the minister again?

Mr. Ringham: I would be glad to.

Mr. Hennessy: I would appreciate it.

Mr. Wildman: This really follows on from what Mr. Hennessy was talking about in the sense that there is a very large river in my area that empties into Lake Superior, the Goulais River, which I am informed by Natural Resources is the largest river in the province in a populated area that is not under the authority of any conservation authority. There has been extensive erosion over the years on that river with large portions of people's property falling into the river. In one case, a cottage actually slipped into the river and sailed down towards the mouth.

I know that the local regional people and the district MNR people would like to see a conservation authority in the area, but it is unorganized municipally. What do you see being done in that area? Also, I would like to know whether or not the Goulais is being included in your program of flood plain mapping.

Mr. Burgar: As Mr. Wildman has correctly pointed out, there is no municipal organization in the Goulais River area. Therefore, under the present terms of the Conservation Authorities Act there is no way to form an authority there. As far as I am concerned, we would be taking into account in the flood-plain mapping those areas where there was some building and some people living. The mapping would be carried out. But as far as an authority being able to do anything, we can't at this point, at any rate, form an

authority in that area which is at present unorganized.

Mr. Wildman: Are you aware that a number of residents have become so frustrated with the lack of action in regard to the erosion on the Goulais that they have taken it upon themselves to do remedial work and are dumping debris of all sorts into the river to try to build up the banks? In some cases, this may solve the problem that borders on their particular piece of property, but it causes problems for neighbouring properties.

Mr. Bugar: I was not personally aware of that.

Mr. Wildman: I know the MNR people in the area are.

Hon. F. S. Miller: There is a fundamental problem. I have been through this area. It may be one of the most populated sections where section 17 of our Act applies. We don't like administering planning or land use under section 17. You are aware of the kinds of problems we run into. I was shown some sites where there has been quite a bit of local argument about the permits we have issued or haven't issued for certain uses.

Is not the basic problem you are talking about the fact that you don't have organized municipal structure in that area, and should not this be the issue that is addressed rather than the fact that no action is being taken? It would seem to me that with the number of people living in the area now, there are lots of areas of this province that have an organized municipal structure with less population.

Mr. Wildman: Oh, sure.

Hon. F. S. Miller: Shouldn't we be tackling the problem of getting a municipal structure in place in some form through which the kinds of action you see as being necessary can be taken?

Mr. Wildman: As the minister is probably aware, the Ministry of Housing and TEIGA are both involved in a study of that area in terms of municipal organization. The problem that seems to be occurring not just with MNR but with all ministries is that because that study is going on, the ministries are saying: "Let's wait until we find out what's going to happen in terms of municipal organization before anything is done." That study has been going on now for at least three years, and it doesn't look as if it is going to be finished for another year.

Hon. F. S. Miller: Again, there are always two sides to every argument. Where we make arbitrary decisions in the interests of time, we are accused of not paying any

attention to local thoughts or studying the matters. I don't know how you stay on both sides of the argument. We do need to get co-operation. There are lots of parts of the province we would like to see organized and, frankly, the people don't want to organize. Their reaction would be "Why?"

Mr. Wildman: There are a lot of people in that area who don't want to organize either.

Hon. F. S. Miller: Sure; for a very obvious reason. The province is carrying them in the form of the municipal tax base, where if they fund themselves in a municipal organization they would have a greater responsibility for the costs of the services that are "enjoying," albeit not the level of the need, no matter what form they take. In other words, the municipality would probably start tackling the problem you are discussing. I am sure there are other problems they would also tackle in that area, maybe a land-use plan would be developed and that sort of thing.

Mr. Wildman: There is one being developed now, because the Ministry of Housing doesn't have to wait for municipal organization in order to have a plan.

Hon. F. S. Miller: My argument, though, is simply that the reluctance of that area to have many other parts of the province to form a corporate entity is because with it comes responsibility for a higher share of the costs of local services. It's that kind of trade-off that's going on there, isn't it?

Mr. Wildman: That's right, except there are many people in the area who would argue—and I won't prolong this—that the level of services they are getting now, for which they pay via provincial land taxes, is very low, that they are not getting much for their money. If they were organized, then the many demands that would be made on a municipality would add significantly to the costs and their taxes would rise inordinately.

If there were some kind of commitment from the provincial ministries that if there is a municipal organization set up, the various things such as conservation authorities along the Goulais and other problems that might be addressed by a municipality would receive significant startup funding, then you would solve a lot of the problems in terms of opposition to the development of an organization.

Hon. F. S. Miller: Tell me, have you ever really talked to a municipal taxpayer who felt he got value for his local dollars?

Mr. Wildman: Yes.

Hon. F. S. Miller: You have? I must admit I would like to meet one some time.

Mr. Wildman: There aren't too many in unorganized areas, I don't think.

Hon. F. S. Miller: There aren't too many anywhere. And if anybody has been getting good value, it has been people in the unorganized areas relative to other people in terms of what they paid versus what they got. I don't mean their services were good, but I have just had a couple of areas in my riding go from the unorganized status to the organized status; the change in taxes is dramatic and traumatic at one time, and that is without changing anything in terms of the quantities of moneys being spent.

We tend to forget—I have a township in my area, and I am sure you have them with even fewer people in your riding, where we had less than one permanent resident per mile of road. I'm not talking about highway; I'm talking about municipal road through the back farm country or bush country. The taxes would be under \$100 a year at that time; they are probably a little higher now. I would challenge you to show me how one even ploughs a mile of road in the course of a year for that kind of money, let alone put gravel on or take kids to school on a school bus. But my people, as your people, were satisfied that they were getting nothing for their money.

Mr. Wildman: The situation is somewhat different in my area in that we have local roads boards and statute labour boards that handle the roads. The provincial land tax in our area simply provides municipal welfare, fire protection—which in essence they do not have, and I think the ministry would admit that—and policing that is sporadic. They pay for their roads directly themselves. It is not paid for by the provincial government.

[11:30]

Mr. Pope: I have a couple of questions concerning conservation authorities. Firstly, quite frankly, I don't understand what's been going on in the designation of hazard lands. It was my understanding, particularly with respect to the Mattagami Region Conservation Authority, that under regulations passed in 1972 certain parts of what is now the city of Timmins were designated under the regulations as being within the conservation authority's authority. Pursuant to that, whenever lands were transferred or financing was being arranged for the construction of buildings on the land, it was standard procedure that representatives of the people applying, and solicitors for the applicants, would not only check with the conservation authority to

make sure the land was not susceptible to flooding, because it was within the boundaries of that regulation, but would also, if necessary, apply to the conservation authority for a building permit in addition to applying to the city of Timmins for a building permit. That was protection and that was notice, and it was seen as such in the city of Timmins.

Then, all of a sudden, there is a direction to the city of Timmins that in its new zoning bylaw, on the basis of a theoretical calculation by someone who was not there at the time of the 1960-61 flood, it zone all the land as hazard lands. There are some 170 homes that were zoned as hazard lands, for what particular reason no one can figure out in light of the 1972 regulation. That, in effect, has been expropriation without compensation. They all appealed the zoning bylaw and the decision of the OMB was that the city would have to decide how to deal with it in one year.

In the meantime, these people cannot sell their homes; and they cannot finance any construction on their homes. If they have vacant land, it's virtually useless. There appears to be no remedy for these people.

I think it's an unnecessary step, in view of the fact that the government has already enacted that regulation. It was already in use and known to be in use in the city of Timmins. I just can't see why the conservation authority's authority with respect to these lands was circumvented, if you will, or joined in with the city's authority through this hazard land designation. It just escapes me, quite frankly.

Hon. F. S. Miller: I would like clarification from staff as to whether the regulation was requested by the city of Timmins or by the conservation authority of the Mattagami River or whether it was imposed by the ministry.

Mr. Bugar: I can't answer that question right now. I'd have to find out the sequence of events and who has made the request for this latest change. I'm not sure that I understand it. I'm familiar with the 1972 regulation but I'm not familiar with what has happened in this latest change, which now designates 72 additional homes in the flood plain.

Mr. Pope: No, it doesn't. A lot of these homes were in residential areas of what was the old Mountjoy township. They were already covered by the 1972 regulation. The Ministry of Natural Resources requested the city, in adopting its new zoning bylaw for the entire city, to put in a hazard land zoning designation under authority of the city of Timmins.

Hon. F. S. Miller: The city of Timmins accepted that. Is that what you're saying then?

Mr. Pope: Yes, they did.

Hon. F. S. Miller: I would suggest that they probably got advice on a number of other matters. It would be curious to know why they accepted ours and probably rejected others. The issue that was being discussed before you came in today, which was raised by Mr. Gaunt, relates to just what will be permitted in areas such as that and whether we will use, as the conservation authority recommends, the 100-year storm or whether we will use the regional storm, which is the kind you talked about in the 1960-61 area. Were there a number of lives lost in that particular flood?

Mr. Pope: No. The problem is there's quite a controversy in Timmins over whether or not the flooding in what is now the city of Timmins was caused because a Hydro dam at Wawaitin upstream and a Hydro dam at Sandy Falls downstream were improperly used to control the flood waters; that's the whole area of controversy. I appreciate that engineering studies were done on projections and storm frequencies to establish a flood plain; but the real dispute is that this is not a free flowing waterway, there is an upstream dam and a downstream dam.

Hon. F. S. Miller: Yet the dams themselves, properly used, should be the best that we have.

Mr. Pope: My real question isn't getting into just flood plain or the two-zone concept. It is the fact that you had existing regulations since 1972 which were doing the job. In addition to that, you put a hazard lands zoning designation which had severe effects on the value and utilization of the lands—

Hon. F. S. Miller: Again, help me, because we will have to check with staff and get back to you: did that occur while the city of Timmins was doing, on its own initiative, a rezoning or a change in planning?

Mr. Pope: The 1972 regulations predated the latest change in the zoning bylaw, brought about, as I understand it, by discussions with the Ministry of Natural Resources because the city of Timmins was doing an amalgamation of existing zoning bylaws.

Hon. F. S. Miller: Okay, there was some initiative for change. We were asked for advice, as we are on almost all such changes, and our advice came back saying these lands should have this kind of caution on them, or restriction.

Mr. Pope: Right.

Hon. F. S. Miller: Now I understand the sequence of events. I think you should realize that is the normal and proper reaction of the ministry to offer that advice. Whether the advice is good or bad remains to be seen. It is just like asking us whether you should protect a fish spawning area or a deer yard. Those things are pretty constant sources of irritation in the very same process.

Mr. Pope: The problem is that you already had cut and fill provisions there to deal with any future construction. You already had the requirement of a building permit. Why remove existing rights?

Hon. F. S. Miller: Unless the city of Timmins council has changed since the last time I talked to it they weren't a bunch of blushing violets. I guess I am asking how would the Ministry of Natural Resources convince them that they were right unless they were.

Mr. Pope: I have no idea. The only thing I know is that I have 150 people who want to know who is going to pay them for their homes and land.

Hon. F. S. Miller: Okay. I see some light at the end of the tunnel in the sense that we are tackling the problem overall in the province. If the problem is resolved for the watersheds we are talking about. I hope there is some chance to resolve the watersheds you are talking about.

Looking over the set of responses we have had from the various municipalities around Ontario and the conservation authorities within them, it is interesting to see how few of them want us to ease up on anything. I don't know whether yours is in here or not. I often find that the member is speaking without benefit of the advice of the local—as Mr. Gaunt was a few minutes ago.

Mr. Gaunt: I have been a lone voice crying in the wilderness before.

Hon. F. S. Miller: In other words, the official response for the area was not quite visible. I happen to agree with Mr. Gaunt, but I am just pointing out that what he was saying and what officially has been given to us by his agencies did not jibe.

Mr. Foulds: Mr. Gaunt has as much official status as any of those agencies.

Hon. F. S. Miller: I want to make sure that is all the official status he gets.

Mr. Gaunt: I'll let the people decide.

Mr. Pope: The implications are, though, getting back to the hazard land problem and the conservation authorities, that not only within the geographical limitations of the 1972 regulations, but also within its general

statutory powers under the Conservation Authorities Act, and with the regulations passed when the Mattagami Region Conservation Authority was established—the powers to control construction and replacement of fill in any area which may be susceptible to flooding—are we going to get into hazard and designations for any other areas that conservation authorities may select as being good potential lands? If we are talking about that, we are talking about half of South Porcupine, part of Porcupine and all down the Porcupine River.

Hon. F. S. Miller: It says here that one of the recommendations we sent out, if you looked at the discussion paper on flood-plain management, was that a municipality be given the option of being exempted from construction and filling regulations under the Conservation Authorities Act once it has adopted similar control procedures through zoning bylaws. So in effect you would have ways of adapting that. The Mattagami Region Conservation Authority disagreed with the City of Timmins and supported stringent, or in other words regional flood criteria for the flood plain areas in your area. The City of Timmins supported the once-in-a-hundred-years criterion, which was the one that has been put forward in the discussion paper and at the federal government, we said, had commended.

Mr. Pope: The only thing I can leave you with is this: the matter is being appealed on the OMB to cabinet. I would appreciate if the minister would examine the data that was submitted in evidence before the OMB, and the testimony of engineers who testified against the flood-plain designations; and give a look at the number of people whose homes have been affected because of the hazard land zoning. I don't know if it's the City of Timmins which was happy to comply with the Minister of Natural Resources' requests or what the conditions were of those discussions, I wasn't privy to them. The fact remains that a substantial number of people have lost, in effect, the value of their homes and the use of their land.

Hon. F. S. Miller: I'll be glad to look at it.

Mr. G. I. Miller: I'm glad to see that the conservation authorities are getting more involved in land management and water management. There are a couple of things that concern me. What about wildlife management, such as birds and—

Mr. Chairman: That goes under another vote.

Mr. G. I. Miller: Does that not come under conservation authorities though?

Mr. Chairman: Under outdoor recreation, I'm told.

Mr. G. I. Miller: I think the Long Point Region Conservation Authority does have considerable input in dealing with birds that migrate—

Hon. F. S. Miller: They may be assisting us by providing wetlands or something of that nature.

Mr. G. I. Miller: Do you not think that should be one of their functions and maybe it should be encouraged?

Hon. F. S. Miller: The preservation of wetlands often quite properly falls, in fact almost always, under a conservation authority's water management responsibilities. The Luther Marsh, for example, is one that's in the Grand River Region Conservation Authority watershed, at the top end. Apart from the value to all kinds of life, both animal, plant and bird, the wetlands, the marshes, provide a whole series of water benefits also—storage areas, whatever else they may be. So I think when conservation authorities talk about their primary responsibility they they can quite legitimately be looking at the wetlands within their area. A spillover effect is that we get better migratory bird resting places; we get better permanent habitats for all types of life, that I think not only need to be protected but are offering real benefits for us.

Mr. G. I. Miller: So you are supporting the program and it is being supported through some of the conservation authorities?

Hon. F. S. Miller: Conservation authorities do get into the acquisition of some of those lands at times.

Mr. G. I. Miller: For instance, we do have the Lee Brown property on the Long Point peninsula.

Hon. F. S. Miller: The only thing we've found, and the Blair commission is also tackling this—the commission is trying to say that wetlands should be exempted from municipal taxes, isn't it, much as farmland is? This would be so there aren't disincentives towards it being held in its present state by private people too, since the state will never own all the suitable sites.

Mr. Gaunt: Conservation authorities are for birds then?

Mr. Chairman: For the birds, yes.

[11:45]

Mr. Gaunt: No, I just said "for birds".

Hon. F. S. Miller: I'm not going to touch it. There are often times a fellow says some-

thing in jest that comes back to haunt him in the cold print of somebody else.

Mr. G. I. Miller: If you really don't want to touch that too much, what about your tree planting program in connection with the conservation authorities? It seems by the reports that you kind of indicated that tree planting is the—I know you're going to try to rule me out of order, Mr. Chairman.

Mr. Chairman: Yes.

Mr. G. I. Miller: I could see you making that move. There has been a lot of stress on tree planting in northern Ontario, but we also have a lot of wood lots in southern Ontario. Do you encourage the authorities to maybe encourage tree planting on private lands because of the fact that—

Hon. F. S. Miller: Yes. Let's go back again to—

Mr. G. I. Miller: Just hold on a minute.

Hon. F. S. Miller: Gladly. I've got 15 hours.

Mr. G. I. Miller: Given the fact that energy is as expensive as it is, I think it should be stressed that every time you look at a tree it's energy standing there. In my particular area I think we had one operator who produced 950 cords of wood last year from the wood lots and I know this year the market has been as good. Do you not think that you could encourage the authorities to get more involved in the tree planting process and carrying part of their responsibilities in land management into the southern part of Ontario?

Hon. F. S. Miller: My staff will have to tell me how it's done, but again, if you go back into the history of your own Grand River Region Conservation Authority at the north end—

Mr. G. I. Miller: We do have the Grand River and we have the Long Point Region Conservation Authority and we also have the Niagara Peninsula Conservation Authority.

Hon. F. S. Miller: Yes, but I'm just talking about the oldest of the three. The people who, let's say, were the prime movers in creating the first authority included a number of groups like the Federation of Ontario Naturalists, but basically, two of the major groups were those interested in reforestation; I think the other group was called the Men of the Trees.

From the very earliest, one of the recognized problems in the watersheds of Ontario was the change in the runoff characteristics because of the removal of the tree cover. Therefore, conservation authorities from their very beginning were involved in re-

forestation projects as one of the methods by which they could control the water flow in their watersheds. So it's quite proper one of their functions too.

I would have to say I don't know the mechanism by which we assist in the funding of reforestation for authorities, whether we do it under the agreement-forest type of approach or whether it's done by funding through the regular budgets or what. Could you explain that to me?

Mr. Bugar: The reforestation that the authorities do, as the minister has quite correctly pointed out, is related to the water and related land management part of the program. Some authorities have acquired land and have entered into an agreement with the government, similar to the count forest agreement. Some authorities have and do operate their own wood lot, which might include some reforestation and management of the woodlot on their own, which would fund, as the minister has described earlier. Some authorities have programs to assist private land owners to plant trees on their lands which would be of benefit to the water control function. Those are the programs in which the authorities are involved in reforestation.

Mr. G. I. Miller: I'd just like to point out to the minister that in 1973 I think there were roughly 18 million trees planted, but note by the statistics here for 1977 that in 1977 there were only seven million trees planted.

Mr. Chairman: Are you speaking on conservation authorities?

Mr. G. I. Miller: Yes, I am sir. This is directly connected. As a member of the conservation authority I want to make the point that I think the conservation authorities do have a responsibility to do this on behalf of the province of Ontario. That's what I'm discussing.

Mr. Chairman: That comes under forest management.

Mr. G. I. Miller: No, I don't think so. This is directly related to the conservation authority.

Hon. F. S. Miller: What statistic are you using? What page are you referring to?

Mr. G. I. Miller: Page eight of the Ministry of Natural Resources statistics for 1977.

Hon. F. S. Miller: That's under conservation authorities?

Mr. G. I. Miller: I know that the authorities do and can influence the planting of trees in Ontario.

Hon. F. S. Miller: I'm looking for the figure you gave me.

Mr. G. I. Miller: It's on page eight, at the top, under trees supplied for planting on private lands.

Hon. F. S. Miller: Oh, on private lands.

Mr. Chairman: You're slightly out of order.

Mr. G. I. Miller: I don't think so.

Hon. F. S. Miller: You're certainly putting two pieces of information together that don't have any bearing.

Mr. G. I. Miller: I want to point out that the authorities do plant trees if they can get agreements.

Hon. F. S. Miller: Private lands aren't conservation authority lands.

Mr. G. I. Miller: No. But they can encourage it by working with the municipalities.

Hon. F. S. Miller: You've extrapolated a piece of information about private lands and assumed it meant that conservation authorities weren't doing their job. That just doesn't tie together.

Mr. G. I. Miller: I didn't say they weren't doing their job. I said they are trying to do a job but maybe they could be encouraged to do a better job.

Mr. Chairman: I think you've made your point, Mr. Miller. Do you have any other comments under conservation authorities?

Mr. G. I. Miller: Yes, I do, on land management; and probably you'll try to squeeze around this too.

Hon. F. S. Miller: It's nice that you have that amount of sensitivity.

Mr. Foulds: I've got to admire your style.

Mr. G. I. Miller: It's a matter of lake-front protection. Again, it does come under the direction of the conservation authorities but they do not want to get into it, particularly in my area along Lake Erie. For example, there have been four or five cottages within the municipality of Port Dover that have gone over the lake bank because of erosion.

I know the conservation authority cannot finance it through its budget. You say that 5 per cent grants are available for land management. Is there any possibility of giving some assistance to the municipality, through the conservation authorities or otherwise, to assist in the protection of these particular properties, especially in built-up areas? There are also farms which have disappeared. We discussed this in the session before Christmas. Is there any possibility of assistance for them other than the owners being able to borrow at eight per cent and having to do all the financing?

Hon. F. S. Miller: I know of no new plan. I know there are court actions being taken by people in your area at the present time, are there not?

Mr. G. I. Miller: I believe so.

Hon. F. S. Miller: They are against the federal government and possibly against the provincial government as a joint body or agency. Some conservation authorities in some areas become involved in shoreline protection measures. Metro Toronto and Region Conservation Authority, for example, has been protecting good parts of the Toronto waterfront for some time. That was done through a co-ordinating mechanism whereby they recognized there were several overlapping bodies, federal, provincial, municipal, et cetera. I guess MTRCA became one of the best bodies to tie those together.

Mr. G. I. Miller: When did that begin?

Hon. F. S. Miller: I can't tell you how long ago. I've seen them put on a film presentation on the progress of the work along the waterfront. Some of the fill went in five or six years ago.

Mr. G. I. Miller: Only five or six years ago?

Hon. F. S. Miller: That's the kind of thing I'm talking about, where they're building almost little islands out in the lake to protect the shoreline from erosion. There are other measures as well. Before I was born, and that goes back a long way—

Mr. G. I. Miller: To 1924?

Hon. F. S. Miller: Not quite that far.

Mr. Chairman: You just gave yourself away.

Hon. F. S. Miller: In any case, Toronto's waterfront was protected away back then by the breakwater that you see out there. I don't know who put it there and I don't know under what authority. That was basically filled land in behind a protective device, wasn't it?

Mr. G. I. Miller: I wondered how it got there and I'm glad to have the background, because I think it's certainly been long-lasting.

Hon. F. S. Miller: Interestingly enough, Toronto Island, if my history serves me correctly, was not there when Toronto was settled. It was brought in by a storm, if I'm not wrong; deposited by an extremely severe lake storm.

Mr. G. I. Miller: No?

Hon. F. S. Miller: Yes.

Mr. G. I. Miller: In how many years?

Hon. F. S. Miller: They're shaking their heads. I better not say it. My staff think I'm stretching credibility.

Mr. Foulds: As Eddie Sargent would say, who runs this ministry?

Hon. F. S. Miller: If I'm wrong on a point of fact I always defer to staff, but somewhere I read a book, probably written by a Liberal, that told me that.

Mr. G. I. Miller: I'm glad you made that point, because it does indicate that some of those long-term projects can last. By coming up with a program today that would last that long I think you would be making a creditable move.

Hon. F. S. Miller: I saw a bunch of pictures of your shoreline the other day and I was reading some notes on it here. Here are some comments that may or may not be available to you. It says: "Special studies undertaken this year include cost-sharing with Canada on a Great Lakes shoreline hazard land mapping project, continuation of a Great Lakes shoreline monitoring program, specific study aimed at developing methodologies to evaluate shoreline management and development and application of flood and erosion damage evaluation models through participation in the international Lake Erie regulation study board."

Mr. G. I. Miller: So they're moving. Are you saying, then, that there is some progress?

Hon. F. S. Miller: There is some progress in that area.

Mr. G. I. Miller: Is there some possibility of working along with the conservation authorities?

Hon. F. S. Miller: I'm not sure if that is under the conservation authority's aegis.

Mr. Keenan: No, it isn't. It's directly under the ministry, but the conservation authorities are certainly contributors in terms of their interest and their expertise in the area.

Mr. G. I. Miller: And their knowledge.

Mr. Keenan: And their knowledge, yes.

Mr. G. I. Miller: I went down to see a home owner last weekend who had 20 feet of his front or back lawn disappear. It's right up against Port Dover. He wanted to know what he could do about it. I indicated to him that he should get in touch with the city of Nanticoke council and get other neighbours working as a group, to get in contact with them and work through them. Perhaps I could advise them to get in touch with the conservation authority; or can I come directly to you?

Mr. Keenan: I would suggest that he could either contact the local conservation authority or the closest office of the ministry down there.

Mr. G. I. Miller: It is better to keep them advised.

Hon. F. S. Miller: You are aware, as I have been, in going along the shores of Lake Erie that it's a problem that extends from almost one end to the other.

Mr. G. I. Miller: I know, and I realize that it is impossible to protect the total, but there are priority areas, particularly in connection with Port Dover, a built-up area.

Hon. F. S. Miller: I was down by Rondeau Park in the Erieau area of the shoreline and drove along that particular area. People have gone to Herculean measures in attempts to protect their cottages and their land from erosion. I've seen steel pilings, concrete abutments and wooden breakwaters, almost all of which appear to have withstood the test of the lake for only a certain length of time before it gets around them. I don't know that there's an easy answer to the problem.

Mr. G. I. Miller: I understand that, but as long as some priority areas are given consideration I would appreciate it.

Hon. F. S. Miller: We're looking at that [12:00]

Mr. G. I. Miller: Getting back to some thing that deals directly with the conservation authorities, what are the prospects of the Watson Dam being completed in the Long Point conservation areas? Is it moving ahead in water control?

Hon. F. S. Miller: I am looking for assistance on that from one of the staff.

Mr. Bugar: I would have to examine specifically the proposals of that authority. Unless I do that, I can't answer the question.

Mr. G. I. Miller: I think it has been in the works for about five or six years.

Hon. F. S. Miller: I would say most dams were eliminated from my budget this year. The cuts that were taken, even before yesterday's which will hit me again by the way, had removed, I think, about \$10 million to \$13 million worth of potential dams or dam work this year, it is in that range. Whether they were as important as the things that were left in one can argue about, but I can only tell you that the moneys available for major works are pretty minimal; and not only that, but when you try to build one you have to go through an environmental assessment.

Mr. G. I. Miller: On flood-plain mapping, and I would like to indicate, as you have indicated earlier, that the Grand River Region Conservation Authority has come up with a good plan. I think they have sold it well to the municipalities, and for good reason, because in the storm in 1974 about \$7 million damage was done. We certainly do have to protect the flood plain areas. What about the Nanticoke Creek project of the Long Point Region Conservation Authority? Has it been finalized and is it officially in use?

Hon. F. S. Miller: While I am glad to give specific answers, unless I have been personally involved—and I have not been with that one—I am not able to answer from my own experience. Again I can either look to Mr. Yakabuski or to Mr. Burgar to tell me. Are you familiar with Nanticoke Creek?

Mr. J. A. Taylor: It is a good creek. It is sort of wet at times though.

Hon. F. S. Miller: That is as good as the answer I would have given.

Mr. Foulds: He's ministerial material.

Mr. Burgar: Was the question: "Has the mapping been done for the creek?"

Mr. G. I. Miller: Yes; and has it officially been brought to the municipality and is it in effect?

Mr. Burgar: Has the regulation been passed?

Mr. G. I. Miller: Yes.

Mr. Burgar: I will have to check and let you know.

Mr. G. I. Miller: Thank you, Mr. Chairman.

Hon. F. S. Miller: You are done?

Mr. Foulds: There are three areas of concern I would like to explore, one just very quickly. Is there any official approach being made with regard to the acquisition of the Guild Inn through the conservation authority in Metropolitan Toronto?

Hon. F. S. Miller: I understand that the Metropolitan Toronto and Region Conservation Authority, on April 21, 1978, had a meeting at which it recommended purchase of that property for a sum slightly in excess of \$8 million.

Mr. Foulds: That hasn't been officially forwarded to your ministry for consideration?

Hon. F. S. Miller: I don't know whether it has officially been forwarded or not, but certainly the consideration is being given.

Mr. Foulds: In terms of what you were saying earlier in the estimates about the priority being for water management—

Hon. F. S. Miller: How am I going to explain it, you are asking?

Mr. Foulds: That's right.

Hon. F. S. Miller: I was afraid you might ask that.

Mr. Foulds: If you accept that recommendation?

Hon. F. S. Miller: As a matter of fact, I am sure there are a number of variations on that one. It can be justified on a water management basis, on the very kind of thing Mr. Miller has just been talking about at some length on shoreline protection.

Along that particular area of the Toronto waterfront MTRCA has been involved in a number of works aimed at protecting the bluffs from erosion. At this particular place, even the present owner has spent a fair amount of his own money in an attempt to prevent erosion. It is perhaps one of the most scenic sections. There are about 90 acres of largely undeveloped land already zoned for high density housing. It is not a question, even, of it having to go through any changes. Perhaps it's one of those cases where one can say the exception proves the rule. While there is certainly a positive advantage from shoreline erosion and protection point of view, there's also a tremendous recreational potential for people in a high density area which could never be reclaimed if that opportunity was missed.

Mr. Foulds: I am just looking at the figures in the budget this year. You have \$1.5 million for your Lake Ontario waterfront program. With one particular case, you would multiply that by five times. It would be a substantial amount to lay out in one year.

Hon. F. S. Miller: I am unable to discuss the funding of it because I am not aware of the funding of it. I know that the Metropolitan Toronto and Region Conservation Authority from its own levy would be responsible for 50 per cent of the estimated purchase cost of \$8.2 million. I think I saw it quoted in the papers. I think I also read, in last Friday's Globe and Mail, that they were leasing back the hotel so that the hotel continued to be operated by the current owner and did not disappear from the scene. In other words, MTRCA couldn't get involved in the hotel business. Our problem will be to find our \$4.2 million, or to authorize it if it gets approved.

Mr. Foulds: Would you give the commitment that you would make a full statement in the Legislature on the agreement if it is finalized?

Hon. F. S. Miller: I would see no reason not to. What I have to do is find out what stage it's at officially and also review the funding mechanisms that might be available. I think they have a five-years-at-a-time plan on the Metropolitan waterfront under MTRCA. Whether they are able to say this particular issue is worth postponing other things for, or whether they feel extra funds are required and in what form, are the kind of details that have to be worked out.

Mr. Foulds: Could you keep me posted on that?

Hon. F. S. Miller: Yes, I think it's a matter of interest to a lot of people.

Mr. Foulds: Two other questions relate to my own area. My understanding was that the conservation authority had a preliminary study done of all the flood plains in its jurisdiction, in 1970-71 I believe. What I found strange was that in the terms of reference of that study was a reference to doing a study for the Kaministiquia River so well, which I gather was not done. There wasn't a study done of the Kam River at that time, or at least it wasn't included in the report that was finally published. It's probably unfair to ask for an answer at this time, but I wonder if you could have some of your officials investigate and see if there was a subsequent or supplementary report, or whether the data was not fully accumulated and that's why it wasn't published at that time with the studies of the other river plains.

Hon. F. S. Miller: Gladly.

Mr. Foulds: I am asking the question particularly in view of the big flood that occurred on the Kam River a year ago last September, because I gather there is another study in the works on that.

The other question I would like you to have a look at for me relates to the item Mr. Hennessy raised a little earlier, the flooding that has taken place at Intercity along the Neebing River, in terms of the proposal by the Lakehead Region Conservation Authority about the Neebing-McIntyre diversion scheme. I am particularly concerned about whether enough evaluation has been done, whether that diversion would alleviate those flooding problems we also experienced last September, and whether it does anything dramatic or worthwhile in terms of that.

Secondly, I am concerned about the disruption it may cause—I am not sure it will—of any spawning patterns, any fish migration patterns, if there is such a diversion.

Mr. Bugar: Mr. Chairman, Mr. Foulds is quite correct. There has been a detailed consultant's study prepared on the Neebing-McIntyre diversion. Questions have been raised by the municipality and we are now, just as you say, restudying that to make sure that it will do in fact what it says it would do; that is spending so much money in doing certain things that would alleviate the flooding.

In answer to the second part of your question, we will certainly look at what effect it would have on fish runs, spawning and so forth as part of that review of the study.

Mr. Foulds: As I understand the study, there are three stages in it and there is some thought that, without getting into the expense of implementing the whole study, it might be worthwhile to implement it one stage at a time. I gather there is some jockeying going on about whether the municipality should commit itself to the complete three stages or whether it is willing, Thunder Bay particularly, to commit itself to the first stage and see what effect that has. That's the stage of clearance of the mouths of the rivers involved before they get to the actual diversion of channels.

Mr. Bugar: Mr. Chairman, from my knowledge—and I have some knowledge of that study, though not in all the detail that I possibly should—my understanding is that the first proposal was a three-stage operation. The problem we see is that if you go the first stage that doesn't really alleviate any problems.

Mr. Foulds: I see.

Mr. Bugar: So our contention has been that you have to be prepared to undertake all three to alleviate the problems. As for the funding required, of course, the municipality is having some difficulties with regard to funding. That's partially the reason for the review: Is it possible to do it in some different way that we will alleviate the problems without putting a crushing financial burden on the municipality? That's really the basis for the review now.

Mr. Foulds: Could you let me know when that review is completed and what the results are?

Mr. Bugar: Yes.

Mr. Riddell: Mr. Chairman, I'm just wondering, do conservation authorities act as a watchdog over woodlot retention in rural parts of Ontario? I'm thinking of areas where agriculture is probably the predominant industry.

Hon. F. S. Miller: I'm just trying to sort out the watchdog role. Certainly, they would encourage the retention or creation of woodlots in the watersheds because of their impact on the runoff. Do you mean do they go beyond that to take action in some form or another?

Mr. Riddell: No, I don't think they do, or do they? When they see a farmer destroying 10- or 20-acre woodlot which is a good woodlot, Canadian maple trees, can they take any action?

Hon. F. S. Miller: Actually, that would come under the Trees Act, as you probably know, and that would be a municipal or county bylaw.

Mr. Riddell: Now that you've mentioned the Trees Act, when are you going to come in with an amendment to the Trees Act?

Hon. F. S. Miller: Can I ask you, will you support one?

Mr. Riddell: I don't see any reason why we wouldn't.

Hon. F. S. Miller: I can tell you, safely, I'm well along the road towards getting an amendment in, an amendment that we think will work, because we're very concerned about the problem. It's a permissive type of thing, as the present one is, but it gets past some of the basic points we are running into trouble with in court, such as what is a woodlot to begin with, what kinds of fines on a minimum basis should apply, and how to get around variations that are logical. That's the toughest and thorniest issue we've faced. What other actions can you take in the event that somebody destroys a woodlot and is willing to pay the fine, because that's the date, as you know and as many people have said, is a licence to cut rather than a penalty.

Mr. Riddell: That's right.

2:15]

Hon. F. S. Miller: Those things are all being considered. I have really been intending to have it in this legislative session. I had told the House leader it would be, and really the only holdup has been legal phraseology to achieve the flexibility one needs to allow some measure of common sense at the local level.

Mr. Riddell: One last question: You mentioned in answering George Miller's questions that these cuts in your budget and the other cut announced yesterday are going to affect you in your work within the ministry; can you surmise at the present time where these cuts might apply? Are conservation authorities going to be cut down in their

budgets, or where do you see these cuts taking place?

Hon. F. S. Miller: Whose ridings?

Mr. Foulds: The Premier said North Bay and Rainy River.

Mr. Riddell: I think you are a man with honourable intentions, and I would hope you are not going to make cuts in Liberal or NDP ridings and preserve the Tory ones.

Hon. F. S. Miller: History would show that that is the case, I think.

Mr. Foulds: It's true.

Hon. F. S. Miller: I really don't know, and I guess I am sitting here as concerned as many other people as to what the impact is. It may not be in a direct sense but in an indirect way the freeze on hiring is a very real problem for us, because our ministry goes through an increase of up to 12,000 complement on a contract basis to carry out our reforestation projects, lifting trees at the nurseries, you name it, because nearly all of our jobs are seasonal in nature. Therefore, potentially I could be affected severely by the cuts announced yesterday, not in dollars, but in terms of people, because those people had to reflect in the dollars that were being saved.

Until we get some clarification in the next few days I am unable to go beyond that; the exception would be if there are changes made in priority budgets in any parts of the province that are under other ministerial control, like the north, in terms of the priority setting but really left to a ministry like ours to carry out a program, they may affect me in ways which I as yet am unaware of too.

Mr. G. I. Miller: Supplementary to that, when you are making these work programs for students in the summer are they going to be constructive programs? Do you not think that they should be programs where you can get the best value and something that is long-lasting for the province of Ontario rather than petty things?

Hon. F. S. Miller: In my ministry there is no shortage of worthwhile projects. In fact, I would argue that I could—and I think we are even pursuing this, though I don't know how the hell this comes—pardon me—

Mr. Chairman: Comes under this vote.

Hon. F. S. Miller: —under this vote.

Mr. Chairman: So you are out of order again, may I remind you?

Mr. G. I. Miller: I don't know how else we can get it in.

Mr. Chairman: You can come back to the next meeting. We would welcome you here.

Mr. G. I. Miller: It all has to do with cutbacks.

Mr. Chairman: Right. Before we go on with the next speaker I have a letter from the minister requesting a cancellation of the meeting next Tuesday night, May 2, due to a prior commitment. What is the consensus of the committee?

Mr. Riddell: What hockey game is on that night?

Mr. Chairman: No, he's got a very important commitment in Atikokan.

Hon. F. S. Miller: I had promised, at the request of the chamber of commerce of Atikokan a month and a half ago, to attend in their town to discuss the problems of unemployment.

Mr. Riddell: I trust you will speak very highly of my colleague Patrick Reid when you are up there?

Hon. F. S. Miller: I have always been kind to Patrick in his riding, undeserved though it was.

Mr. Chairman: Is it agreed? Agreed. I guess that prolongs the agony.

Mr. Foulds: You're bearing up very well, Mr. Chairman.

Mr. McGuigan: Mr. Chairman, the minister mentioned some of the shoreline protection in the Erieau-Rondeau area where I live. I am sure he has probably visited Mr. McKeough's home, which is on the shoreline.

Hon. F. S. Miller: Once.

Mr. McGuigan: Well, you would have gone right by my home on your way there.

Hon. F. S. Miller: I recall it. It was the slightly larger one outside the gate.

Mr. McGuigan: Yes, that's right. A number of people in that area, mostly with permanent homes, have put out groynes—I believe that is the proper term—in years gone by, using red oak, which is very expensive and no longer available. Today they are putting in steel piling and the system is proving quite effective. The red oak would only last about 20-25 years before the sand would chew it to pieces. They hope the steel will last 50 years or more, but wherever they do it it is proving quite effective. They have run into the problem of one property owner willing and another one not willing or unable to finance it, so it is sort of done on a piecemeal basis.

I am wondering if your ministry has given any consideration to bringing in legislation, something along the line of drainage legislation, where on a petition 60 per cent of the people involved collectively go together

and put in a drainage scheme. With those who are willing and so on it can be put on their taxes. I think in this case you wouldn't want to see people driven from their homes because they were not able to finance this. Perhaps it could be put as a lien that would eventually be paid off when the property changed hands. There is a need for an orderly system, and it is working, but presently it is done on a very hit-or-miss basis.

Hon. F. S. Miller: I haven't given consideration to it. My staff may well have done it. It is something that certainly one could look at with interest.

I have seen these types of groynes used in Europe. I am sure anyone who has visited the coast of Britain will have seen huge—I am not sure that they call them groynes. I've always assumed groynes were made of concrete or stone, but certainly they have these long wooden barriers out into the water, perhaps every couple of hundred feet along that coast to break up the wave action and in the ocean to protect the beaches of Sussex and that part of the English coast line.

Mr. McGuigan: They have a harder one in England than any place in the world.

Hon. F. S. Miller: I can only say that it is one of those things that certainly one can think about. I haven't done so.

Mr. McGuigan: I would just like to suggest to you that it is working and it is very worthwhile affair. It needs a little bit of regularity.

Hon. F. S. Miller: One of the staff pointed out to me when you were making your comments that there are often other effects from one person doing it on other shoreline people. This is one of the reasons that such work have to be undertaken with real care, because what you deposit in one area often comes from another. You change shifts and flow as a result of these things.

Mr. McGuigan: That is one more argument I should have used; that's one more argument in favour of a regularized system.

Hon. F. S. Miller: I am personally involved in a bit of shoreline protection of my own in one of the businesses I am associated with. It is a darned expensive project when in fact, it is your protection. We use gabions in that case, and they are quite effective stone-filled gabions which I think can be made to simulate a steel or oak groyne. If they get undercut, as they do in my case, by the current on a river, they just disappear into good deep water and you are left with nothing but the bill for the work.

Mr. McGuigan: The shore of Lake Erie is very heavy clay. Once you get steel or wood down into that clay it doesn't undercut. Erosion from sand particles in storm action gradually wears it away.

Hon. F. S. Miller: We lose quite a bit of our beaches in some of our parks in some years of high water.

Mr. J. A. Taylor: Mr. Chairman. I would just like to comment. We have heard a lot this morning about conservation authorities. I think when the legislation was first passed in 1946 it was one of the more enlightened pieces of legislation. It's easy to criticize, but taken in perspective across this province I think there has been a tremendous amount of good that has come out of the establishment of conservation authorities and the dedication of so many of the people who have been involved in this whole movement in Ontario. As a matter of fact, there are people from many other jurisdictions who look to us in this whole field, and I don't think we should lose sight of the overview of conservation authorities in the province.

What has concerned me has been the accentuation of aggravations or irritations that have been caused to members of the public, landowners, because of some over-zealous, over-enthusiastic individual or authority. I have been concerned about the use, and by that I mean almost manipulation, of authorities to accomplish other objectives through that vehicle to extinguish some of the aspects of ownership, the utilization of one's property, whether he can build on it, whether he can put fill on it, working through authorities in concert with planners, municipalities or other agencies which may have a different goal in mind.

Surely the concept of the conservation authority is just as legitimate today as it ever was. It's the expansion of the activity in many cases of authorities where, for example, a recreational area which was privately operated, such as a ski facility, is not successful. Then, of course, the private entrepreneur looks to the authorities to take it over because he can't operate it at a profit any more, if he haven't had enough snow, for example.

You see the authorities get involved in recreational and other activities. You see the authorities get into competition with the Ministry of Natural Resources in terms of its parks programs, its camping, whether it's overnight or otherwise. The whole area of parks jurisdiction becomes blurred, whether it's federal, whether it's one of the commissions, such as the St. Lawrence Parks Commission and its park facilities, whether it's the municipal park facilities or the conser-

vation authority's parks. We have so many and such a broad spectrum of parks people start to wonder whether it's exceeding its jurisdiction, and there is a lot of aggravation at times on the part of the individual who finds that his own private plans may be sacrificed for what is seen to be the good of the general public.

What has concerned me is that we ensure that we have criteria that establish the objectives of government in terms of conservation authorities so that the authorities aren't being used to lever government in regard to creation of lands as hazard lands—that expression has been used—and other terminology in regard to lands that someone feels should be put back into the public domain. We have had mentioned here today the Guild Inn lands that may be several hundred feet above lake level. In my own riding in Prince Edward county we have a conservation park area that is on a similar level in terms of the number of feet. It's a plateau, probably 100 or 150 feet above the level of the lake, that is just a delightful piece of land with a magnificent view, the kind of vista that one would want to protect for the public.

But I don't think it's correct to bring within the domain of a conservation authority every activity that one may think should be undertaken in order to protect the public's interest, in that it may tend to cause undue criticism of authorities and build up a dislike for authorities. I sense, over the last few years particularly, that there has been a backlash, so to speak, in regard to many of the activities of conservation authorities.

I think this is unfortunate. I think maybe it is due to using conservation authorities as levers in trying to ensure what a municipality may feel is appropriate land-use planning. I feel that while you can't dissociate land-use planning from conservation lands, at the same time I think we have to be very careful that we are not used, and therefore the conservation authorities abused in the process.

Mr. Mackenzie: Mr. Chairman, I just wanted a very short point of personal privilege. I understand—I believe it was last evening—the minister was referring to one of the NDP members having purchased a Crown lot, and I know he made an offer, in jest at least, to possibly purchase it, and I wasn't willing. I want him to know that I didn't purchase a Crown lot. I bought a lot from a private entrepreneur at much higher than the going Crown rate and I am just wondering if he is still as interested in purchasing on that kind of a basis. I want to let him know also that his information is incorrect.

Hon. F. S. Miller: You mean you didn't pay \$1,500?

Mr. Mackenzie: No, I sure as hell didn't.

Hon. F. S. Miller: I thought I was quoting your own figures back to you.

Mr. Mackenzie: No, I was quoting some other lots down the river.

Hon. F. S. Miller: Oh, I see. The inference I took was that you had been lucky enough to get it for \$1,500 and it was now worth \$26,000.

Mr. Mackenzie: The delays, as I pointed out, to another project caused me to have to go to the private market and pay this kind of money for a lot. I wanted that on record corrected, and let you know that I wouldn't sell in any event because of the recreational and aesthetic value to me and my family.

Hon. F. S. Miller: I understand that completely. I realize that money is not—

Mr. Foulds: Is no object.

The committee adjourned at 12:33 p.m.

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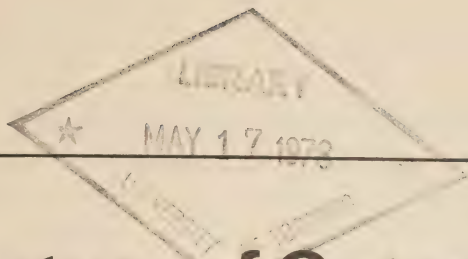
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Second Session, 31st Parliament

Wednesday, May 3, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, MAY 3, 1978

The committee met at 10:15 a.m.

ESTIMATES, MINISTRY OF NATURAL RESOURCES

(continued)

On vote 2402, land management; item 8, conservation authorities:

Mr. Chairman: I see a quorum.

When we adjourned on Wednesday, April 26, we were on vote 2402, item 8, conservation authorities. Are there any further comments on item 8?

Ms. Bryden: I have just one question. I would like to ask the minister what his views are on the recommendations of the Roberts commission that the Metropolitan Toronto and Region Conservation Authority should confine its activities to developing open space and leave the administration of recreational activities to the region or Metropolitan government.

Hon. F. S. Miller: The issue probably isn't entirely resolved yet, in view of all the recommendations in the report. I would suggest that the conservation authorities have done a pretty important job over the years. It's difficult always to define a job so precisely that there isn't some kind of an overlap with some other agency in a community. Park land is a good example of that. If I recall Mr. Roberts' suggestion, it was that all those lands that had a recreational use should really be run by the Metropolitan Toronto government and be under the parks organizations.

Ms. Bryden: That's the recommendation, yes.

Hon. F. S. Miller: Yet just last week while was addressing the Grand River Conservation Authority in Guelph, they were pointing out that in Great Britain, when some kind of allocation of powers had to be made to those water management people, they went the other way. They decided they had to give many of the powers the Ministry of the Environment has to the conservation authorities groups, including also those rights to manage the recreational land. I think that as a ministry we are pretty happy with the present division of authorities.

The note I was just handed by the staff points out that MTRCA has in many cases turned land over to the Metro parks people where, in their opinion, they thought it would be best managed by them. I am seeing the chairmen of all the councils today, and one of the issues they want to talk about is what their role is. I am more sympathetic towards the conservation authorities' present role than perhaps I am towards Mr. Roberts' recommendation.

By the way, I want to thank the committee for letting me have yesterday off by agreement. I am sorry I missed Thursday but I am afraid I just was not well enough to turn up.

Mr. Chairman: No excuses at all, please.

Mr. Foulds: Do the same for opposition critics when they are ill.

Hon. F. S. Miller: Yes, I will; I will excuse an opposition critic any time, even if he isn't sick physically.

Mr. Chairman: We're only going to sit till 6 tonight to make up for the time, so it's all right.

Item 8 agreed to.

Vote 2402 agreed to.

On vote 2403, outdoor recreation program; item 1, recreational areas:

Hon. F. S. Miller: I guess Mr. Eckel, if he's around, should come up and sit beside me.

Mr. Chairman: Any comments on recreational areas?

Mr. Foulds: Mr. Chairman, I notice under this vote there is a little more than \$2.5 million set aside for crown land recreation management as opposed to parks management. Specifically in that item it mentions access points, canoe routes and trails on crown land. I wonder if the minister could bring us up to date.

There has been a considerable controversy in the north over access points and the use of access points in terms of their peculiar or difficult position vis-à-vis whether they're genuine access points, temporary campgrounds or what have you. About three years ago in particular there was a great controversy over this. It seems to have quieted

down, and I wonder if he could bring us up to date on how that is being resolved.

Hon. F. S. Miller: I'm not sure it has quieted down. During yesterday's visit to Atikokan, where I spent several hours with my own staff, this particular issue was a very real one. Of the few issues they chose to discuss in my presence, this was one.

They point out a whole series of problems, starting with general use of crown land for recreation, because it's probably the least controllable type of use and the one that people feel a right to. They'll go into a park and abide by rules or follow prescribed patterns, and yet they look upon crown land as something anyone can use under any conditions at any time. It's not really fair, I don't think, to the use or the future use of that land that this should happen.

They talked about the garbage problems, the parking problems, the overcrowding of lakes, the overfishing of lakes—all these things that come from overutilization of certain access points and wouldn't happen if they were within parks, for example.

I'm going to ask Mr. Eckel to comment on it, but the one thing that staff suggested was that they would like to put forward some solutions to the problems of the access point overcrowding and have them looked at first by their own immediate superiors and, if some kind of consensus from different districts and different levels of my ministry can be achieved, to make a recommendation to me to minimize some of the conflicts and abuses now occurring.

One thought—and at a time like this maybe it would be interesting to hear your reaction; you live in the area and you're aware of the problems we face. There has been some suggestion made to our staff, and probably it's getting some support within our staff, saying that non-residents should have to use access points under the control of an outfitter. They say that the ratio of non-residents to residents on these is about two to one.

Mr. Foulds: Really?

Hon. F. S. Miller: Therefore, the argument is that since improper use of crown land by non-residents is occurring with no return to the province in any form and no control, perhaps one of the better ways to get control would be to have some requirement, as there is in Minnesota, to utilize local equipment through outfitters and thus have some handle on the numbers of people going in. Apparently Minnesota does this and with some success; I think that's why some Ontario residents have been saying that since Minnesotans make up a great percentage of

the people using our crown land in the northwest—they're not saying we're doing it because they are doing it, but simply that it seems to have worked on some of their problems and brought some element of control to something that isn't. I said yesterday that I was interested in that proposition and I'm sure they were, but I really didn't want to jump to conclusions. I would like to hear other points of view and make sure we weren't doing something that was not practical.

Mr. Foulds: I feel some ambivalence on that myself. I would like time to think about it, although I recognize the problem as the minister does. Two other possible solutions to the problem would be to increase the number of access points on a variety of lakes so that the overcrowding doesn't occur on any one set or any single lake. Another possible solution that I think I have heard being mentioned by some people in your ministry was the creation of what might be called a mini-park, actually giving it a park status so that the regulation that you talk about would be perhaps more acceptable.

The problem of getting no return is a real one, about which almost everybody up there feels very strongly about. Whether we should then jump to the conclusion that they should automatically have to go to an outfitter is a difficult one. I wasn't aware of the policy in Minnesota, I must admit. It would be kind of interesting to get that in its detailed form to see if it can be adapted. I suspect we might not be able to draw an exact parallel but there might be some kind of adaptation of that which we could apply.

Hon. F. S. Miller: I don't have the details of the Minnesota plan either but I have asked that they be given. It seemed to me that one of the elements was that you could not put into the water a boat that wasn't obtained locally. They found that that was a reasonably good way of getting some revenue, which is not our primary objective—it is important, but control was more our objective—and having some handle on the total number of people. Our staff was particularly concerned yesterday when talking to me about the overharvesting of sports fish in certain of the lakes.

Mr. Foulds: Particularly pickerel, I gather.

Hon. F. S. Miller: Or trout. We are even more concerned about the trout because of the slow recovery rates. They were pointing out that some of these lakes have a year's production taken out in the first two hours of fishing from a trout point of view. It is a kind of frightening statistic to hear. When

was there yesterday, the ice was not out of the lakes but yet it was out enough to allow fishing around a good many parts of the lake. They tell me that this is the time that you will get those trout.

Ms. Bryden: I would like to pursue the question of reprivatization of provincial parks. I would like to know how many have been reprivatized. I notice that the staff count is down by 36 on this particular item. Is that due to reprivatization in the parks?

Hon. F. S. Miller: I will have to ask Mr. Eckel. The term, reprivatization of parks, is probably one of the poorest choices of phraseology we could use, if I could just talk about that for a second. I don't think we changed anything since I became minister up to this point. Certainly, it is something I'm thinking about.

Parks, to begin with, is the wrong word; campgrounds is a better word. We were talking about management of campgrounds by other than government personnel. It was as simple as that. Just as certain services in this building, or at least in some of the buildings around here, for example, maintenance, are a contract with non-government staff, then the approach taken was to have the level of service provided by people who are paid for that right. Up to date, they have kept the proceeds at the gate as their reward and provided a service at what we thought would be less cost than our own government people could provide it. Apart from that, it was to be at our standards and under all the rules that any other park or campground would function.

I think we have had two years' operating experience on this. Just within the last week we asked that those two years be reviewed and what I think are the three campgrounds.

Mr. Eckel: Two.

Hon. F. S. Miller: They were mentioning two in the Thunder Bay area yesterday. That's what was worrying me.

Mr. Eckel: There are two in the Thunder Bay area and one near Parry Sound. They're Sturgeon Bay, Inwood and, I believe, Fiddle Falls but I'd have to check that.

Hon. F. S. Miller: Because the perception that was taken by the press—and I don't say unfairly—on the announcement of this thing as that somehow we were turning back the Algonquins, the Quetico and the recreational parks, or selling them even, was so correct I have been very nervous about proceeding anywhere.

Mr. Laughren: They thought you were selling the camel in the tent.

Hon. F. S. Miller: Yes. That was not the purpose. We were simply saying that like any other service there are certain wayside campsites we think could be operated at less cost to governments than the present method of doing it and still provide the travelling public with service at the same level of quality.

I have asked Mr. Eckel to review those first two years' experience and prepare for me shortly some suggestions as to whether it's been acceptable in those two or three and whether we should either cut out the program, modify it or expand it. I trust I am getting it quite shortly because it was only within the last seven days we talked about it.

Mr. Eckel: That's right.

Ms. Bryden: When you set up the standards that they must comply with are they the same standards as are followed in the provincially-owned campgrounds?

Hon. F. S. Miller: Yes. Let us suppose you had tendered to provide the service at Sturgeon Bay. We may have required a staff of—I don't know what it would be but working to our rules and to our sets of conditions, say six or eight people, or whatever it might be. You, as an entrepreneur, would then be allowed to work whatever hours you were willing to work in the provision of that service. If, as I believe in a couple of cases, a family was involved, then the members of the family would be providing that service, just as they do in most recreational businesses in Ontario. I admit they will work longer hours and perhaps get by with fewer people than we would have got by with. They are not quite as hampered by the regulations. Yet that group or that family might make more total dollars than our own employees would have and, therefore, would make a reasonable living out of the operation.

So we won both ways. We got away from some of the complement problems that plague government. We have reduced our expenditures, I hope, if the analysis turns out to be accurate, and we have more money within the parks budget for other things. It wasn't a question of cutting parks moneys but hoping to have a little more money to do other things with.

Ms. Bryden: It may of course develop into sort of a Mom and Pop store.

Hon. F. S. Miller: Let me assure you I have no intention of ever seeing a park sold. That's number one. I have no intention of seeing recreational parks turned over to other groups. I am talking about campsites, period, in our present program.

Mr. Laughren: We are worried about that because there is a potential there for that kind of philosophy to get into other parts of the park management, for example, concessions in the park and the eventual cutting back on services to people, as the potential for profit is there. Also it has been tax money that has developed them to the point they are at now. You are allowing someone else to realize a profit on our investment.

Hon. F. S. Miller: The word "profit" is unfair.

Mr. Laughren: I don't say it in a bad way.

Hon. F. S. Miller: No, I mean in this sense, look at it this way: When the parks advisory council gave me some advice last year on the rates to be charged in provincial parks and on the campsites, they said they thought the 60 per cent rule was a fair one, that the province should get back about 60 per cent of what it spent operating them.

Mr. Laughren: We heard Darcy's comments on what percentages are fair, too.

Hon. F. S. Miller: I don't know what percentage is fair but I think they stuck with the 60 per cent, because that's roughly what it was when this structure was set up a few years ago. I don't know that they would argue that it should be 100 per cent or 10 per cent, but 60 per cent happened to have been historically the figure they were at and I don't think they had much reason to change it. I think that's about the way they arrived at it. If our estimates are right, this year's rates are within one or two per cent of achieving that goal.

The fact that we can staff it and run a 40 per cent loss our way, which is effectively what we are doing, but maybe have a 20 per cent loss doing it the other way, hasn't allowed somebody to make a profit; it's perhaps given somebody the right to work more hours than they would in an employer-employee relationship and, therefore, be paid for more hours and have more gross take-home pay; and the net benefit to the government was that we didn't spend quite as much maintaining that particular campsite as we would had we done it in the normal fashion. Thus we were free to use that money to expand somewhere else—hopefully.

Mr. Laughren: The thing I would worry about too is that a lot of that unemployment in the summer was, I suspect, among young people. So at some point you end up setting up other programs to compensate for unemployment there.

Hon. F. S. Miller: Well, then we get into the whole issue: Should government provide

jobs at any cost? I guess that's what you're really saying.

Mr. Laughren: No, I'm saying you are providing so many jobs anyway.

Hon. F. S. Miller: Yes. We've got good campsites and I'm proud of them when I go around; we don't want to see that changed. We have 20,500 individual campsites in the province of Ontario provided by our ministry; 20,500 is the figure, I recall.

Mr. Laughren: Most of us are big fans of the provincial parks.

Hon. F. S. Miller: There are 41,000 campsites provided by free enterprise in the province, to give you some measure.

Mr. Eckel: It was 100,000 total.

Hon. F. S. Miller: Oh, I'm sorry about that, I was using the two to one ratio.

Mr. Eckel: It was four to one.

Hon. F. S. Miller: There are 80,000 private campsites in Ontario?

Mr. Eckel: It's 100,000, approximately.

Hon. F. S. Miller: I'm glad to be corrected on that, because that's a much higher ratio of private than I thought. I had a briefing on this about two weeks ago which obviously didn't quite sink through.

Ms. Bryden: Mr. Minister, do you completely control the rates charged in the camps that are operated by tender or is there a period after which they are free to set their own rate?

Hon. F. S. Miller: No, it's my own understanding—and, again, Mr. Eckel will correct me—that all the rules that apply to charges for the use of the facility are the same.

Mr. Eckel: That's correct. The same rates that apply to provincial parks apply in those parks where we have arranged for someone else to operate the campground.

Ms. Bryden: And how long term are the contracts that you have with the private operators?

Mr. Eckel: They're year to year. I think originally they were two-year. But we're on a year-to-year basis now, and they must abide by the rates and other rules that apply in provincial parks.

Hon. F. S. Miller: I think we may be looking at a slightly different approach to how dollars and cents should be decided rather than saying that what you collect at the gate is yours. I think we might be asking: "What is the worth of the service you are going to provide, win or lose at the gate?" I think that may be a fairer way, because not all campsites are necessarily as attractive to an

entrepreneur, if you want to look at it that way. You might get a very busy campsite, or you might get one that suffers from problems, and I think we're more interested in making sure the quality of service is there and to have the right to demand that quality of service.

Mr. Laughren: Could one person have more than one campsite?

Hon. F. S. Miller: Up to date, we have not even gone far enough to say. I am not thinking of a KOA chain under the Ministry of Natural Resources, if that's what you mean. What I'm trying to do is re-establish and kindle that pioneering spirit of free enterprise that lies dormant even in some of you to the left of me.

Mr. Laughren: I should never have given him the opening.

Mr. Mackenzie: It's called blind faith. Free enterprise above all, regardless of the circumstances.

Mr. Laughren: It's tunnel vision.

Mr. Foulds: I'm just curious about your definition of "campgrounds" as the only ones that you're involved in in this. Because, as I recall, Inwood Park, in particular, is often a place where people just drop in for an hour to break their journey between Winnipeg and Thunder Bay, to have a swim and at their box lunch on a table. So they're not camping overnight or even for the course of the day, in the normal sense of the word.

Hon. F. S. Miller: Let me say that I was probably being rash when I asked for that kind of a definition; I'm probably jumping to a conclusion, because that was one of the questions I asked: "How do we decide what kind of facility should be considered? Which ones lend themselves to it? Which ones don't lend themselves to it?" That is being asked. Okay? So rather than have you say to me later on: "You said you weren't going to do that," that's exactly what Mr. Eckel is trying to sort out for me.

Mr. Foulds: Am I accurate in my description of Inwood and its use? Because it is a highway roadside park.

Hon. Mr. F. S. Miller: It's not a destination campground, you mean?

Mr. Foulds: Yes.

Mr. Eckel: But you can camp there; there are campsites.

Mr. Foulds: You can camp there, yes, but it's not solely a campground.

Mr. Eckel: No, it may not be. You can, probably have a picnic and, as you

say, stop over, but there will be facilities there for a person to camp.

Hon. F. S. Miller: Can I just interrupt to ask if that isn't true of almost every one of the locations? There are transient people who do like to do just what you're saying, even though the basic design of it has been for overnight stops. We've been trying to make, say, a little beach in most places where you can go and have a swim or a picnic area apart from the individual campsites, in most of the ones I've visited anyway. Of course, other ones are just campgrounds within a very large organization like Quetico—Quetico not being a good example, but I'd say Algonquin.

Mr. Foulds: As one of the transients who uses Inwood in the way I've described, what I'm really trying to—

Mr. T. P. Reid: That's what we were saying earlier, it always comes down to personal, individual needs.

Mr. Foulds: —get at, though, is that, obviously, if Inwood is typical of the three—and there are only three—there is in fact a mixed use, not just a campground use.

Hon. F. S. Miller: I think I see.

Mr. Eckel: This mixed use you're talking about occurs in most parks where there'll be what is labelled a day-use area and a camping area. If you go to the day-use area there will be picnic tables and if there is suitable beach there'll be a place for people to bathe and there'll be changing houses and that sort of thing in the day-use area; and then distinct from that will be the camping area, where there are actually campsites identified on the ground, where you can set up trailer or tent.

Mr. Foulds: But in fact you're turning the whole park over to private management, not just the campground portion of it to private management.

Mr. Eckel: In the case that you mentioned, yes, because in that particular case the person has obtained the right to collect a fee at the park in exchange for doing certain things. That's one arrangement whereby you can involve the private sector in the operation of campgrounds and day-use areas.

Mr. Foulds: So our assumption that they are parks, rather than solely campgrounds, is still valid?

Hon. F. S. Miller: I think we're trying to wrestle with what a park is too, and I guess a campground and a day-use area are elements of a park, in most cases. Not in every case, but many cases. I don't know that we

have campgrounds that aren't defined as parks or not, do we?

Mr. Eckel: No, we don't. We can use the term "park" to cover quite a range of facilities. Within the park system, we do classify the park. For example, at one end you'll have the recreation park where the emphasis will probably be on day-use recreation. Most of those occur in southern Ontario. The other extreme will be the primitive park or the wilderness park, where the number of formalized campgrounds may be very few in number and where people are encouraged to travel through the park and to camp at appropriate places.

[10:45]

Ms. Bryden: Did you put the requests for operating the ones that have been privatized out for tender, and if you did, was there more than one tender?

Mr. Eckel: Yes, they were put out for tender and there was more than one.

Ms. Bryden: So that would be the policy you would follow if you were doing more, although, as my colleague has mentioned, we'd rather see them stay within the public domain?

Mr. Eckel: Yes.

Hon. F. S. Miller: That's fair enough. A year ago I saw the figures for the first year of operation, which occurred, I guess, before I was minister. It's 12 months since I saw these figures, so my recollection isn't precise. The hourly earnings of the people who undertook this were not really what you'd call high on the basis of the rates we would have paid. They worked a lot of hours and I think I recall a figure of somewhere in the \$5 to \$6 an hour range that they earned as managers.

Ms. Bryden: Of course, Mr. Minister, that's what reprivatization often means, exploitation of people. They're asked to work for less than is really a living wage.

Hon. F. S. Miller: What is that? I don't know that I dare get onto that topic today. One of the problems of the Canadian economy is what we believe is a living wage and what we earn with that living wage often can't be sold.

Ms. Bryden: I have other questions, but I'll let other members ask some and maybe come back later.

Mr. G. I. Miller: I was wondering what the policy is in opening parks in the spring of the year. Is there a set policy on that?

Hon. F. S. Miller: On opening date?

Mr. G. I. Miller: Yes.

Hon. F. S. Miller: I don't know whether that's uniform across the province. I'd rather have Mr. Vrancart or Mr. Eckel answer it.

Mr. Eckel: It's not uniform, and perhaps Mr. Vrancart has got the dates for the south and for the north. Because of changes in weather and so on it varies.

[Hon. F. S. Miller: It's warmer up north.]

Mr. T. P. Reid: It sure is, these days.

Mr. G. I. Miller: No kidding? We've got to get the ice out of Lake Erie before we can swim in the south.

Mr. T. P. Reid: Since last night there's a warm wind coming from the north around Atikokan.

Hon. F. S. Miller: There was certainly a high in Atikokan last night.

Mr. G. I. Miller: That's encouraging, thank you.

Mr. Vrancart: There is no consistent policy when parks open. Most of the parks in southern Ontario will be opening this weekend. Algonquin Park opened last weekend, and in northern Ontario most of the parks will be open by the Victoria Day weekend.

Mr. G. I. Miller: The reason I'm asking is I had a situation last year where it was a particularly nice weekend at Long Point and only portions of the park were open. I'm not exactly sure what the facilities are there, but one wasn't open and there was a lot of demand. I had many requests on behalf of the local business people that maybe this should have been opened and I think there was a bit of a conflict over the opening. I just wondered what the policy was. You're saying that the parks will be open if there is need?

Hon. F. S. Miller: Let me explain a couple of things. This spring we have the latest spring I can recall. Last spring we had one of the earliest springs I can recall. Our problem, whether we're setting the dates for pickerel fishing or whether we're setting the date for opening of parks, is to make a decision before we know what the weather's like. This then means that there will be springs like last year when, in fact, it's nice and warm and therefore people are looking for recreational facilities. This year we may be opening with ice in the lakes in a lot of cases. So because our decision is made well in advance of the actual state of the weather being known, I think you'll find that we try to average it to what usually both the demand and the weather is. It's not easy at the last second to suddenly adjust and find staff for those warmer weekends. I think that would probably be the reason we had trouble.

Mr. Eckel: Another thing that should be kept in mind here is that there is considerable cost involved in opening the parks and we try to arrange that opening to coincide with warm weather and anticipated demand for the park, so we don't have staff there and virtually no use made of the park because of poor weather.

Mr. G. I. Miller: It is cold now, but as has been indicated, it's warm up north, particularly in the Rainy River area, and it could well change quickly, and again, the May 24 weekend is important.

Hon. F. S. Miller: We'll be open.

Mr. Eckel: Oh, yes.

Mr. G. I. Miller: I just wanted to make you aware that there was a problem last year. Perhaps it could be alleviated this year.

What was that income from the recreation fees last year? Was there an increase? What were the actual figures?

Hon. F. S. Miller: Again, I'll have to defer to staff for percentages. I used to get a weekly report on the occupancy rates over the year previous, and for the early part of the year last year it was up dramatically over the previous year. How did it end up on the whole summer?

Mr. Vrancart: Could I have some clarification on your question? Were you asking question about our revenues?

Mr. G. I. Miller: Yes.

Mr. Vrancart: Our revenues last year were over previous years. Our total revenues were \$3,885,000 in 1977.

Mr. G. I. Miller: What per cent was that over the previous year?

Mr. Vrancart: A very small percentage.

Mr. G. I. Miller: The minister indicated that you are shooting perhaps for 60 per cent of revenue compared to costs incurred.

Hon. F. S. Miller: I'm going to have to give a definition of costs and what costs to include. I don't know if that is easy to come up with either, in the sense that some programs within parks may not be costed in. I think the direct operating costs were the ones we were trying to recover.

Don't forget we have no allowance for the costs of investment and so on in our proposal. We assume that the campground is an asset of the province worth zero dollars from a costing point of view. That makes our estimation of costs quite different from that of say KOA, which are going to add the value of their land, their taxes and all those things in before they have got to cover those, plus hopefully make a profit.

Mr. G. I. Miller: What are your plans, as far as you are concerned Mr. Minister; is it to maintain that, is it to increase it or is this a guide?

Hon. F. S. Miller: Again, the suggestion, as I recall, of the advisory council was that the thing we did this time which wasn't fair was to leave years and years without a change. If we are providing, as somebody just pointed out, 20 per cent of the campsites in Ontario and private enterprise is providing 80 per cent—this was not an advice I was given—there probably should be some balance between the cost of admission to ours or some relationship between the cost of admission to those other four fifths of the campsites, which are generally on much poorer physical sites, because as crown we got the choicest land in most cases in the beginning. We have some magnificent locations. So I'm not talking about the amenities on the site, I am only talking about the kinds of grounds we managed to corner for provincial locations.

Most of the other people are making annual changes as costs change annually. They have felt, and I have sat in this committee and criticized previous ministers, that government didn't respond annually and, therefore, they were caught with an unfair type of situation where we would leave our prices stay dormant for five or six or seven years, whatever it was, then whack, just do what we did this year, raise them in one big jump and then leave them steady again for a while. It is my recollection that the parks advisory council said that small changes as cost changed were much better than big jumps every so often.

Mr. Wildman: It's the same pattern with members' salaries.

Mr. T. P. Reid: The same reaction for people too.

Hon. F. S. Miller: Sure, and it is exactly the same kind of argument. Government finds it hard to do those kinds of things on an annual basis. A businessman must. It's the same thing with crown dues, that's why you are getting this bill before the Legislature shortly saying that the crown dues should be indexed to a selling price, because we just don't tend to make these discretionary changes annually.

Mr. G. I. Miller: Another question, maybe in a little different light: Is there co-operation between the ministry and private enterprise to improve facilities in the immediate area of parks? What I am really referring to is private boat facilities or docking facilities.

Hon. F. S. Miller: I am not aware of any co-operation, but my staff may be.

Mr. G. I. Miller: I am particularly referring to marinas.

Mr. Eckel: Let me generalize first. We do have meetings with the Association of Private Campground Operators to talk about common problems, how we might assist the operators in making sure the public is aware of their existence when provincial parks are full. We try to keep them informed on anticipated changes in the park fee structure, and also try to inform them about provincial facilities and services that might make their campgrounds more attractive if they were to tell their clientele about these things. To speak specifically about assistance with marinas and so on, I can't think of any examples here where we have assisted in a specific instance such as you describe.

Hon. F. S. Miller: I suspect a couple of our commissions have had this kind of working relationship.

Mr. G. I. Miller: Do you have any facilities for dredging or any equipment along that line? Has there been any request for that type of thing?

Hon. F. S. Miller: On crown land?

Mr. G. I. Miller: No. I mean equipment for dredging and channel improvement.

Hon. F. S. Miller: That wouldn't really come under the control of this group, I don't think, on outdoor recreation. Sure, we get requests from people who want to improve access to locations for marinas, and these fall under a couple of regulations or laws. The Lakes and Rivers Improvement Act, I guess, is one, and the federal government's control of navigable waters, the Navigable Waters Protection Act is another. In fact, you can be under both of them in a good many circumstances. So what often happens, and I guess those of us who live in tourist areas are keenly aware of it, is that the operator doesn't ask either and we discover the facility some time after it was done.

Mr. G. I. Miller: The federal people and the provincial people start arguing about who is responsible.

Hon. F. S. Miller: I think it's one of those grey areas that indicates the lack of clarity in the constitution at times.

Mr. G. I. Miller: For instance, we have a marina alongside Selkirk Provincial Park on the Sandusk Creek, and the channel silts in and it's up to the marina operator to accept all the costs in opening that channel. If there was co-operation between the min-

istry and the marina it would be good for both. I think it would be an attraction to be able to put your boat in at this particular location. There are other cases, like improving channels into Long Point and some of those areas, and there have been requests on that.

Hon. F. S. Miller: I'm passing the buck, just like Mr. Wildman says. I would have guessed that the responsibility for that was federal in what is a major lake in this province.

Mr. G. I. Miller: Could the ministry not show some leadership to improve these facilities?

Hon. F. S. Miller: Showing leadership in an area where you have no jurisdiction can be very risky.

Mr. G. I. Miller: I would question that.

Hon. F. S. Miller: Oh sure it is.

Mr. Wildman: In relation to the last point that was raised, regarding dredging and so on, as the minister knows, I have contacted both the federal and provincial authorities on a number of rivers in crown land areas flowing into Lake Superior in my area. Does the minister anticipate closer co-operation with the federal government on determining who is responsible for that kind of work?

Hon. F. S. Miller: This probably isn't the right vote for that matter.

Mr. Wildman: I'm just following up.

Hon. F. S. Miller: That's what I was trying to say to the previous speaker, that it wasn't the right vote. It's in a different area. I can't answer that. I haven't had any occasion to talk to the federal people about it. I only know in my own district where I have had to get involved, as you have, that our staff in the Bracebridge district of the ministry had already contacted the federal staff at Parry Sound and said, "Let's make sure we are not talking in different directions to people who are trying to make shoreline improvements so that we streamline the red tape they go through and we don't give them a runaround." I think really that's the only way you get that kind of co-operation, by individual branches of the two governments saying, "We'll work together and help people rather than shuttle them back and forth when they come in."

[11:00]

Mr. Wildman: Although the federal government has the docking facilities in most cases and so on, the provincial government does have boat launching facilities—that is boat launching ramps and so on; so it does relate.

In relation to the discussion on the provincial parks and the raising of the fees, one of the problems that I foresee—and it has been raised with me by local businessmen as well as residents—is that people need a place to launch a boat. If they come to the conclusion that the fees are higher in the provincial park than they are ready to pay, you are probably going to find that they may simply camp where you have your boat launching facilities. That is happening already. The ministry knows that it is happening already and it is a very serious problem.

We have a number of boat launchings on lakes along, say, Highway 129 between Hesselton and Chapleau where people pull in with their Winnebago or their camper and their boat. Then they just sit there, in some cases, almost all summer.

Hon. F. S. Miller: This was being discussed—I think before you came in today—with the member for Port Arthur (Mr. Foulds) under access points and the ways and means of controlling just the kinds of things that you are talking about.

Mr. Wildman: The point I am making is that with the raise in the fees, this is going to happen more, not less.

Hon. F. S. Miller: Possibly. I think what we have to do, as I said to Mr. Foulds, is work out some mechanism for controlling the so-called crown land that everybody looks upon as being free. He came back with one or two suggestions and I threw out some ideas. We are not convinced that access could be as unlimited through these access points as it has been in the past, simply because of the abuses that are now occurring.

Mr. Wildman: In the area that I used as an example, there are many, many tourist outfitters' locations along that highway because it runs through the very beautiful Mississagi valley, the lake area there. Right now they are in open competition with the boat launching areas. Surely one of the things that you could be doing is increasing our provincial camping facilities in these areas to try to prevent the kind of garbage problem you face, the policing problem you face and so on along these highway access points, so that you are providing more public facilities rather than having people park where there isn't proper sanitation. As I said in some of those cases, people pull in—even Americans, people from Michigan—and park for a full summer or almost a whole summer, in an area that has no sanitary facilities or anything. Sure, it is illegal for them to do it but it happens.

Hon. F. S. Miller: I'm not sure that it is.

Mr. Wildman: In some cases, the police have come along and suggested that they should move, but I don't know how effective that is.

Hon. F. S. Miller: I was going to suggest that the comments that were made to the member for Port Arthur would probably apply to you. In other words, we are recognizing the problem and haven't got the answer yet. We are hoping for some suggestions. I am not convinced that just more access points are the solution. It may be that we will have to have some form of limitation on those who have the right to use it. Maybe it is limitation to Ontario residents; maybe it is some type of requirement to use the outfitters.

Mr. Wildman: We have been suggesting for some time that perhaps one of the things that you could be doing is hiring students or somebody for the summer, to look after these areas. If you set up regulations as to who can use it and who can't, you still have the problem because you've got to enforce it.

Hon. F. S. Miller: I don't know if there need to be regulations as such for the Ontario citizen but I think there may be ways around it. As I mentioned earlier to Mr. Foulds, this is something that we are asking staff advice on and we have a crown land recreation study going on at this moment trying to solve it. Yet, in your area, you know the feeling of ownership that local residents have about all crown land. With 88 per cent of Ontario—and, gosh, it must be 95 per cent in the north—being crown, most people feel there should be no strings attached to their use of it.

Mr. Wildman: My suggestion is that if you were to provide better and more facilities for camping and at a cost that people are going to accept, rather than raising the fees in the facilities you already have, then you would be encouraging people to use public camping facilities rather than camping in areas that do not have facilities because they don't have to pay.

Hon. F. S. Miller: I don't agree with you. I think people want the wilderness experience. They are going there for it rather than going there because it's free. I am not convinced it should be free if, in fact, the services are to be provided.

Mr. Wildman: I am not suggesting it should be free either. What I am suggesting is if, in the particular area I am talking about, you had a camping location there as well as the various access points—

Hon. F. S. Miller: That's one of the things we are looking at; it's one of the comments Atikokan staff made to me yesterday—that we should probably be encouraging some form of campsite at some of the access points which, in effect, would limit the numbers of people using them and have them in an orderly fashion.

Mr. Wildman: Right, okay.

Hon. F. S. Miller: Whether it's run by us or whether outfitters are operating it can be argued and reviewed but they are not disagreeing with you. They are tending to agree with your approach, that some form of management—if you want to put it as that—is a requirement.

Mr. Wildman: Well, then, to follow along with that, along Highway 17, we have got places where rest areas have now been closed; for instance, at Sand Bay and areas like that. You are actually closing down the number of facilities you have already—you and MTC.

Hon. F. S. Miller: I can't answer that one because I don't know Sand Bay. But I will be glad to have staff answer it.

Mr. Wildman: And the reason, I understand, is the problem of policing. The OPP have suggested difficulties in policing these areas and so they have been closed. I think you should be hiring people, students or somebody, to supervise the parks and the various rest areas and to look after the cleaning and so on, so that you could provide the facilities, rather than leave them completely unsupervised and with a situation where the police can come along and say: "Look, we can't look after these areas. You had better shut them down."

Hon. F. S. Miller: They probably also have problems in terms of what their rights are in trying to enforce things, like the parking you talked about. You know, it's very difficult to say; on the one hand people see that crown land as being theirs to do with whatever they wish and, on the other hand, the police have a right to come in and tell them not to do something. Those are the two irreconcilable problems one faces when the rights aren't defined.

Mr. Wildman: I also understand that you are raising the fee for fuel wood.

Hon. F. S. Miller: I think in some cases we aren't charging at all. Is there a uniform charge across the province?

Mr. Eckel: No there isn't, Mr. Minister.

Mr. Wildman: Well, it's a dollar in Pancake Bay Provincial Park.

Hon. F. S. Miller: Yes, let's be honest. People were running into those locations—

and I have seen a number where we provide free fuel wood—and, frankly, I wouldn't say all of it was burned on campsites.

Mr. G. I. Miller: A dollar for what?

Hon. F. S. Miller: For a unit of wood whatever the unit is. It's like everything else which you provide free for a long time, as gentleman's agreement, until you suddenly discover that there are people who say: "Isn't it nice to get the firewood for the fireplace at this convenient location?"

Mr. T. P. Reid: The NDPs would look upon it that way.

Mr. Foulds: We don't have fireplaces.

Hon. F. S. Miller: Wood furnaces.

Mr. Wildman: There are a lot of them in our area, considering the cost of gasoline and oil and so on.

Mr. Laughren: Yes, where is John Lane? Why don't you do something with the cost of gasoline in northern Ontario?

Mr. Wildman: I am sure we have a disagreement, and it seems to be that the ministry seems to have come to the conclusion that they are in competition with the private sector so they had better raise the fees to make their fees more in line with what the private sector is charging, so that the private entrepreneur will be able to compete better.

Hon. F. S. Miller: That's not so. If you went into the interior of the Algonquin Park with your canoe and you paid whatever it is per day—\$2, \$2.50, \$3 or whatever the daily internal campsite cost is—you would find that hopefully, you were able to go along the shore of a lake and pick up driftwood or go back into the bush and take blowdown or whatever it may be. We try to encourage you not to cut the trees down immediately beside your campsite; you may laugh at that but it is a real problem. People take the axe to the nearest thing in sight. When I was at Quetico—

Mr. Wildman: I agree with you there.

Mr. Foulds: Sometimes it's the minister.

Mr. T. P. Reid: I must tell you about his tree planting. He almost killed two little kids.

Mr. Wildman: But in terms of not just the wood but the campsite fees and so on, I think it might be useful for all of us to look at it from the point of view—and it's certainly the way in my area—that the campsites and the parks in general can be a way of attracting business to the private sector. Certainly a place like Montreal River Harbour wouldn't be in existence—most of those businesses wouldn't be in existence—but for the fact that they are on the border of Lake

Superior park. And that's true of Pancake Bay and a number of others as well.

It seems to me that if instead of privatizing or raising fees to be more in line with what is being charged in the private sector we were providing more public facilities at reasonable costs, we would be attracting more people into the area, which would benefit the private sector in the whole community, because tourists would be coming into the area and spending their money and so on. In Lake Superior park if you are going to be spending \$7.50 a day for a campsite you are going to have people parking, as I said before, at boat launchings, and they are not going to be spending the money there—or they are not even going to come at all. And that's going to hurt the private sector. It's not going to help them.

Hon. F. S. Miller: Well, we will always have certain things which differentiate.

Mr. Wildman: When are you going to provide a provincial park along the north shore between Sudbury and Sault Ste. Marie in the Blind River area?

Hon. F. S. Miller: That I can't answer. If I could get some more money for parks acquisition and development, I would be delighted.

Mr. Wildman: You are already freezing the land and telling everybody they can't get land-use permits in that area because you are going to put in a provincial park. You've been talking that way for about 20 years.

Hon. F. S. Miller: Just a second—what would you like me to do?

Mr. Wildman: I would like you to set up the park.

Hon. F. S. Miller: What I would like to point out is that you are accused on the one hand of not having foresight if you don't set aside land that you can't immediately develop, that could be alienated in such a way that it would never be useful for parks; and then if you do do it and set it aside you are accused of not developing the ruddy park. Now, somewhere in between we have to have a fair appraisal. Forward planning, through the SLUP exercise, has said that there will be requirements for parks within certain distances of certain communities all across this province.

The staff have done their best to estimate those demands. Then they choose locations they think should be acquired. If they are privately owned like those in southern Ontario around, say, London—Komoka Park or Northhills or whatever it may be—or, if it is Crown land, they simply say, "Let's set it

aside as a park reserve. Don't let any other people use it for other purposes and when the budgets are available we'll develop it." Now I think that's good planning, not bad.

Mr. Wildman: I'm not against planning, except that you have been talking about it in the Mississagi area, the mouth of the Mississagi, for almost 20 years. That's long-term planning. Is it just the budget that is the problem or is it also a problem of an Indian land claim?

Hon. F. S. Miller: I don't know that but staff could answer.

[11:15]

Mr. Eckel: You are quite correct. There is also a problem of an Indian land claim in the area.

Mr. Wildman: Has an actual claim been made, do you know, or has it just been expected?

Mr. Eckel: I can't answer that question positively, but I could get the information for you. I don't know whether there has been a claim made, but I'll get the information for you.

Mr. Riddell: Mr. Chairman, I believe when we tried to discuss the recreational areas under conservation authorities it was suggested that we wait to get to recreational areas. I don't think it matters anyway, because it's all funded by the government.

Hon. F. S. Miller: What you mean is you missed the last vote.

Mr. Riddell: No. I'm wondering if, in some of these recreational areas that are managed by a conservation authority, the authorities aren't looking at their function to retain a recreational area more than they are to control flooding conditions.

The thing that comes to mind is the Grand River flooding two or three years ago. The suggestion was that they try to keep the water in the dam high enough to suit the needs of those people who wanted to go there for recreational purposes rather than to try to control the water in the dam for the prevention of floods. As a result, when the rains came they had to let the water out of the dam. They held it too high, they had to let it out and, therefore, it flooded such places as Cambridge and Bridgeport, if I recall correctly.

Is this the case? Are some of these authorities catering more to those people who want to enjoy the land for recreational purposes rather than carry out their primary function, and that is to control flooding conditions?

Hon. F. S. Miller: I guess hindsight is great. I don't know whether they are or not.

I am seeing them this afternoon and that kind of topic is being discussed. I live on a lake that is controlled and it has, by an agreement that goes back to 1936, got certain minimum and maximum levels that the Ministry of Natural Resources is charged with supposedly maintaining. I always get calls about early April saying, "When on earth are you going to bring the water up?" because we keep it right down waiting for the runoff and for spring "rains." We've had a half inch of rain in the last month and we are going to have a hard job now catching up with some of the anticipated problems.

I was up in northwestern Ontario—when did you get last precipitation up there? It's been quite a while. We have lots of snow cover in certain parts but it's a while since we have had rain. So obviously at times people trying to juggle water levels for all the other users really do run into problems. In my lake, for example, if they maintain the lake level too high because we've had a bit of a dry period or they are trying to keep boating going, and all of a sudden you have a good heavy rain, then the people on the rivers end up, just as you say, having one heck of a job.

I don't envy anybody who has to make the decision about what amount of storage capacity to keep available. I'm sure they are trying to make tradeoffs to some degree. I would think, though, a conservation authority has to be very keenly aware of its basic responsibility to prevent a flood. Therefore, while keeping the recreational aspect in mind, it should always have, with good management, enough reserve to take the unexpected spring or summer thunderstorm or whatever it is that might cause the trouble for which the dam was built in an attempt to control.

Mr. Riddell: One last point: What effect has your policy of prohibiting people from taking alcoholic beverages into the provincial parks had on the use that is being made of those parks?

Hon. F. S. Miller: None yet, because it went into effect May 1.

Mr. Riddell: I see. It seems to me there were some problems in connection with The Pinery Provincial Park.

Hon. F. S. Miller: There certainly have been. We had two basic problems in law enforcement through the first part of each season in about 12 to 18 parks in Ontario.

Mr. Eckel: Yes, that would be a fair number of problem parks.

Hon. F. S. Miller: Those two relate to what kind of drinking the law permits in a

public place, and that hung on the definition of the words "possession" or "consumption." I believe the previous regulation said that consuming alcohol in a public place was not permitted. Therefore, the courts, taking the connotation of the word "consume" to mean physically putting it down your throat rather than having it in a glass ready to put down your throat, threw out a number of cases where police had laid charges for consumption in parks.

Other judges were less lenient and would be quite willing to accept that a man or woman with a half empty beer bottle in the hand was, in fact, consuming, even if the officer did not see the act occur. I'm not going to get into that fight. However, I believe we changed the regulation to say "possession." Therefore, we are in a tighter position, from a legal point, to prevent people from using alcohol on the beaches, on the roads, et cetera within the park areas at any time.

Mr. Riddell: But they can take it in with them, though, can they?

Hon. F. S. Miller: Under normal circumstances, persons going to a provincial campsite are allowed to possess alcohol because a campsite is defined as their home because they have leased it. A person entering a provincial camp for day use and using those areas open to the public has never had the right to use alcohol. Okay?

Mr. Riddell: Yes.

Hon. F. S. Miller: That was the difference. This year, because of The Pinery problems, for example, or because of the problems at Sibbald Point and other parks of that nature—or even Algonquin—we announced that there would be an experimental year of naming special parks through a specific time where all use of alcohol, even on the campsites, would be prohibited. The regulation to that effect was approved and was dated effective May 1, 1978 to apply to—I can name the parks just for the record, so you'll know where they are—Algonquin, Arrowhead, Balsam Lake, Bon Echo, Earl Rowe, Fitzroy, Killbear, Outlet Beach, Presqu'île, Sibbald Point and Turkey Point. The Pinery isn't on there, so I've used a poor example.

May 1 to June 18 is the period during which we usually have, let's say, the serious camper disrupted by the less serious camper, and I'm told that at times the scenes have been horrendous. So we've borrowed from an experience in the States which worked in Michigan, where they had an identical problem. They tried this selective ban. It apparently either solved their problem or trans-

ferred it to us—we're not sure which. In any case, they don't have a problem and we do. So this year for a one-year trial, that's being tried.

Mr. Riddell: Okay. It seems to me that one of the policies at The Pinery Provincial Park is to prohibit motorcyclists from going into the park, even though they're going in with the intention of camping. They think that they're discriminated against. I mean, you get some people who take to the motorcycle in the summertime and this is their mode of transportation. They go with every intention to camp, maybe for three or four days or a week. They go to The Pinery Provincial Park and are told that they can't go in to camp. Why are we discriminating against a person just because he's using a motorcycle for transportation?

Mr. Laughren: You think they should be allowed in the park?

Mr. Riddell: If I was driving a motorcycle in the summertime and wanted to go in and camp for a week why should I be stopped? I realize they did have a problem when the black-leather-jacket fellows were going in.

Mr. Laughren: You raised the problem.

Mr. Riddell: Pardon?

Mr. Laughren: You helped raise the issue.

Mr. Riddell: I sure did.

Mr. Laughren: Now you think they should be back in? I see. I just wondered at your consistency.

Mr. Riddell: I'm not saying the black-leather-jacket fellows should be going in.

Mr. Laughren: You're going to discriminate by the way they dress.

Mr. T. P. Reid: There wouldn't be an NDP supporter in the place.

Mr. Laughren: Come on. You want them all to be conservative.

Mr. Riddell: There's a bit of a difference.

Mr. Chairman: Let's have a little order here, please.

Mr. Laughren: Are you talking about size as well?

Mr. Riddell: I happen to know what was going on in that area.

Mr. Chairman: One speaker at a time here.

Mr. Laughren: You can't discriminate that way.

Mr. Riddell: Oh, come off it. All right, let's forget about that. I can see that there's a need to stop the motorcycle gangs from coming up from the United States and going and causing a real disturbance—

Mr. Foulds: Or from Muskoka.

An hon. member: And Sudbury.

Mr. Riddell: —such as they did at Grand Bend. That was the reason that they really had to double up on the police protection there. Once they got sufficient police there at Grand Bend then they started to move into areas like The Pinery Provincial Park. I can see stopping gangs from going in, but if somebody and his wife wants to go in with a motorcycle to camp, I find it very difficult to reason—

Mr. Laughren: Check the marriage certificate.

Mr. Riddell: —why you would stop them from going in.

Hon. F. S. Miller: I'm going to ask staff to respond. First, obviously, there are elements of truth in what you say, and the fact that one rides a motorcycle on the highway does not make one automatically a poor citizen. That has to be acknowledged as fact.

Mr. T. P. Reid: They must have become significant at the voting booths.

Hon. F. S. Miller: We will now hear the staff response.

Mr. Eckel: It's true and well known that there was a very serious problem of rowdiness at Pinery some years ago, and part of that problem came from the number of motorcyclists coming into the park. At great effort and great expense, the problem at Pinery has been brought under control. One of the means to bring it under control was to ban motorcycles. It may well be that motorcyclists have now changed their ways. Maybe they're more respectable than they were back in the days when they ripped Pinery apart.

In lifting that ban, we would want to be very cautious, because as well as creating a problem in the past, they have the ability to leave roads and run over the dunes and we're not at all certain that when we get them in there—respectable as they may be—that they won't resort to taking the bike just to try the power of the thing and to see its hill-climbing ability, that they won't get into that bad habit of going up and down the dunes and causing irreparable damage to vegetation on the dune areas.

As a result, we're willing to consider it, but we will be very cautious about lifting the ban on motorcycles in Pinery park.

Mr. Riddell: This pertains to others parks, too, I trust. Does it? Or is it just The Pinery park where you were having that problem?

Mr. Eckel: I'm fairly certain in this—Pinery is the only park where a ban on motorcycles exists at this time.

Mr. Riddell: I suppose the reason being it's so close to Grand Bend.

Mr. Eckel: That's part of it, and the dune damage aspect is the other part.

Mr. Foulds: I think that that's a fairly important point, that the ecosystem of the park, and one of the major reasons the park has been created, could be quite seriously damaged—

Mr. Wildman: Do you ban dune buggies as well?

Mr. Foulds: —by this mode of transportation, or this vehicle.

Mr. Riddell: Of course, with all the four-wheel-drive pickups now, they can take them in and try them out. They dearly love to climb the big hills with these four-wheel-drives to see what they can do.

Mr. Foulds: But do we have that actual problem?

Mr. Riddell: I don't know, but the potential's there. It's pretty hard to discriminate against—

Mr. Foulds: I am really glad to see this civil libertarian emerge within the Liberal ranks.

Mr. Chairman: We have in our presence the chairman of the St. Lawrence Parks Commission and general manager, and I was just wondering if the committee members have very many more questions on item 1. Perhaps we could revert to item 3 under the St. Lawrence Parks Commission in order to hear Mr. Rollins and his general manager. Would that be in order? We have two more speakers: Mr. Martel and Mr. Reid.

[11:30]

Ms. Bryden: Can I too have one more question?

Mr. Chairman: Under recreational areas? I thought you covered that quite well, in your opening remarks.

Ms. Bryden: I covered only one subject.

Mr. Chairman: What is the opinion of the committee? Are you agreeable to listening to Mr. Rollins present his report?

Mr. Riddell: Does Mr. Rollins have such a tight schedule that he couldn't reappear at a later date?

Mr. Chairman: His general manager has to drive in, he's been here now for almost a week. He has been coming back and forth so I think we should try to accommodate him.

Mr. T. P. Reid: I'm only going to be about five or 10 minutes at the most.

Mr. Chairman: Okay, well, are you going to be very long, Ms. Bryden?

Ms. Bryden: Probably not.

Mr. Chairman: Well, we'll cut you off after 30 seconds—okay, great.

Mr. T. P. Reid: That will be a blessing.

Hon. F. S. Miller: I like the mutual admiration society here tonight.

Mr. T. P. Reid: I thought I would slip that in; I learned that from the minister. The minister was up at Atikokan, and he earlier mentioned Quetico park but he didn't finish the statement about somebody cutting something down in Quetico park. Would he like to explain?

Hon. F. S. Miller: What I was given yesterday when I was at the Nym Lake entrance was about a one-hour presentation in slide and discussion on Quetico and, by the way, I agreed to go back for three days and examine the park more closely from a canoe some time.

Mr. T. P. Reid: I'll go with you.

An hon. member: Wouldn't it be better from the air?

Hon. F. S. Miller: No, it has to be 4,000 feet over the park so I'll do it the hard way. I was given a crooked paddle last night made in Atikokan; it's a racing paddle with a curved handle made specifically to paddle canoes better. I thought it was particularly appropriate to give to a politician.

Mr. Foulds: Speak for yourself.

Mr. Martel: Especially the minister.

Mr. T. P. Reid: Wait until you see the canoe they have for you.

Hon. F. S. Miller: I thought I might invite you to be in it, just in case.

Mr. T. P. Reid: I would love to go, just love to go.

An hon. member: You can steer the canoe without paddles.

Hon. F. S. Miller: One of the things shown to me by the park naturalists in this presentation—and this was on the firewood issue—was the need to educate users of our parks about the problems created by recreational use in pretty sensitive areas. They were showing me slides of islands where there were campsites but no firewood and they were saying specifically that they have had to go through a drill saying to new campers: "Please be aware that you shouldn't be cutting down live trees anywhere in the park; you should be looking for driftwood along the shore or going back into the bush and taking down dead trees." There is a tendency for campers to take the nearest available fire-

wood, often the growing tree on a campsite. It always comes as a shock to me that people who love the wilderness enough to go out in a canoe and camp overnight, even for one night, should be insensitive enough to the system around them to do something like that.

Anyway, Mr. Reid made some smart comment about me and an axe and, in all fairness, I want the opportunity to rebut.

Mr. T. P. Reid: I'll tell them the whole story.

Hon. F. S. Miller: But I think for the sake of the record, I should go on to explain. We were opening the new office at Ignace last year—or turning the sod for a new Ministry of Natural Resources office. Mr. Reid, Mr. Auld and I were there to officiate and it was suggested that as the minister responsible, instead of turning a sod, I should show good forest management practice and should personally cut down one deformed tree in the stand surrounding the property—with an axe. In turn, I was to plant two trees following the said elimination. Mr. Reid was also given two trees and so was Mr. Auld; and we planted about 18 by the time we finished.

Be it as it may, I stood there with my yellow hard hat and my axe and started chopping away and the whole crowd clustered up to watch what was going on. Unfortunately, I felled it right into them. There were people running in all directions as my tree came down.

Mr. T. P. Reid: I can guarantee they remember you, Frank.

Mr. Foulds: Do you have a photo of that?

Hon. F. S. Miller: Yes, we do.

Mr. Riddell: The only sad part is that it didn't make contact with my colleague.

Hon. F. S. Miller: As a matter of fact, it did.

Mr. T. P. Reid: It's sure nice to have friends.

I am sure that everybody knows, but just to refresh the minds of the members of the committee Quetico park is probably the best canoeing area in the whole world. But having been on the advisory committee, it concerns me that about 93 per cent of the interior park users—it is down to that now, I believe—come through Ely, Minnesota or through the American side. As a result of that, amongst other things, you have at least cut down the number of people in a party because there used to be 40 and 50 of them. That's where you got into a problem with your campsites, your wood problem and everything else.

These people are still coming through.

They are being outfitted primarily in Ely. We are operating Quetico park to a large extent for the benefit of our American friends. The minister might take a little plane ride over to Ely to see the vast tourist area. It makes Santa's Village and everything else look like an amateur's operation.

Obviously, these people outfitted at Ely are using the boundary waters canoe area but they are still coming into Quetico park.

I want to relate that to the fees you are charging. My friend the member for Haldimand-Norfolk was talking about fees and revenues. Obviously, we lose a great deal of money on operating our parks. This is an old drum of mine that I am banging but it still seems to me that people entering Quetico park from the south, through the American side, should be charged a much higher fee than if they enter from the northern side or Ontario. I want to state that as a simple principle because, to a large extent, I think we have been operating that park for the benefit of the commercial interests in Ely for many years. That's the first principle.

The second principle is and the minister is aware of what is happening to the economy of Atikokan. Tourism is going to be one of those areas in which we have to expand and give some vitality and incentive to. You can't expect people to invest in the tourist business, particularly outfitting for Quetico park, when they can't possibly compete with what's going on in Ely and the lower costs associated with the whole American production and distribution system. So there are two principles there: 1. I don't think that we, the Ontario people, as much as we want our American friends to come, should be subsidizing them to the extent that we are; and 2. I think we should be forcing them as much as possible to come around and use the northern entrances and also use, as a consequence, the facilities of the tourist operators in the area.

The other thing associated with that, of course, is that you have got them coming in through three major entry points on the south side of the park which has caused the kind of environmental damage that we don't want to see, particularly in a wilderness park like Quetico.

I can leave that there.

Hon. F. S. Miller: In my speech last night, one of the challenges I threw out to the community of Atikokan—which as you say, is looking for new employment possibilities—was just that. With Nym Lake just opening up as an access point this year and with two others planned, we hope to redirect—with a

quota system at an entrance point—the people to the Canadian side.

I also threw out the challenge to see who was going to profit from that in the out-fitting sense. I don't accept the fact that the economics are such that Canadian outfitters can't compete with the States. I honestly believe that when it comes to canoes, tents and so on, that we can compete, should compete and must compete with the Ely location or any other.

I am sure you will find people in the area willing to enter that business and we want to encourage them. That was one of the purposes of my visit yesterday.

Mr. T. P. Reid: Well, all right, but you know there's a geographical distance as well. It's a little more difficult for them to get around to Atikokan. They are going to take the somewhat easier way of coming up through Ely because it's handier for most people. But still, could you answer the direct question for me? Are you prepared to do anything about having a higher entrance fee on the south side of the park, as opposed to the north side of the park, to provide some incentive for those people to come around to the north side of the park?

Hon. F. S. Miller: Sorry, I was getting some advice on it.

Mr. T. P. Reid: It's the original question. Are you prepared to ask for higher fees for entrance from the south side of the park and to provide a disincentive in effect so to force people around to use the northern entrances?

Hon. F. S. Miller: I don't know whether I am or not. I really would like the opportunity to consider the pros and cons of that. You know on the surface it's a popular thing for me to say yes, do it. It's always popular to charge anybody but a voter a higher rate of return, but I am not going to toss it off lightly either. I am quite willing to consider that. In this process, I don't think you could differentiate only at Quetico. That would be a problem.

Mr. T. P. Reid: I don't want to take the time of the committee because I have been through this with other ministers, but I am sure Mr. Eckel and the other gentlemen are aware that in certain of the United States, not all, but certainly in some states, they have a differential fee for residents of the state as opposed to non-residents. I don't know if Michigan still does. They used to have one. They may have done away with it. If we are talking about a user fee concept as a general principle and we are subsidizing our parks just on the sort of basis

of operating capital at a ratio of eight to one, then I am not so sure that the Ontario residents should be subsidizing our American friends. I realize that is a difficult problem.

I just have one more question if I may

Hon. F. S. Miller: Can I make a comment before I respond? Maybe I shouldn't respond after this comment. Remember this committee voted to switch to the next two items at hour 15. You are getting awfully close to hour 15 so that maybe you want to look at the items between now and that point rather than dwell on any one of them too long.

Mr. T. P. Reid: All right, one last short question. What is the planning for White Otter park north of Atikokan?

Hon. F. S. Miller: I have passed that. Mr. Reid, to Mr. Vrancart and Mr. Eckel.

Mr. Vrancart: White Otter Lake is now a park reserve. There hasn't been too much activity in looking at that park reserve until this point in time. I think in the context of the future of Atikokan, we are looking at the possibilities of White Otter Lake becoming a provincial park.

Mr. Chairman: All through, Mr. Reid?

Mr. T. P. Reid: Well, because of the shortness of time, I'll—

An hon. member: No regrets.

Mr. Chairman: Thank you very much.

Mr. T. P. Reid: Never that, never that.

Mr. Chairman: Mr. Martel.

Mr. Martel: If I can get the minister's attention.

Hon. F. S. Miller: Mr. Martel, any time you speak you have my riveted attention.

Mr. Martel: Thank you. I am not going to talk about large parks like Killarney or Quetico.

[11:45]

Since about 1969, when I had my first meeting with Rene Brunelle—it was a delegation, the ministry started to move towards the establishment of a park at Lake Wapitei. Now, I think it's time people in southern Ontario realized that in spite of the fact we have many lakes and rivers in northern Ontario, there aren't that many that are really that good to meet the needs of the communities in the north. If one looks in the Sudbury basin, there is really only one large piece of land to serve the needs of the 24,000 people in Valley East. Very few people, except those who own a camp, have any place they can go from Valley East or the town of Capreol, aside from a little park called Ella Lake which holds about 200

people, and a little park site the ministry established about three years ago which has three benches in it. The people of both Capreol and Valley East, with 20,000 people I guess, Garson with another 10,000, and Falconbridge with another 2,000 or 3,000, literally have no place to go. The ministry is well aware of this. In 1969 it did something about it. You moved in, did a good deal of work on soundings and depths and whatnot with respect to the north end of Lake Wanapitei. The minister flew in and subsequently a couple of ministers flew in. About two years ago, you enlarged the size from about 600 acres to what will eventually be about 1,300 acres.

You are as well aware as I am that in summer people flock to that place in great numbers. You've done counts of the number of people who have to travel some 20 miles over a dirt road. If you had a decent road and came in from a different direction, you could do it in eight or 10 miles. Base for the road is already there because it used to be an old road the pulp and paper industry used, it is already there. The real problem is getting across three bodies of water. One would be a very expensive thing to cross, the cost of a causeway being estimated at \$600,000 a number of years ago.

This has been going on now for eight years; as funds become available is always the excuse. In that eight years I have watched parks being opened up in other areas of the province, one as far north as Parry Sound, but never one to meet the needs of the residents in the Sudbury basin. I wonder how long we have to go; how long before the road we have to travel is brought up to a standard people can utilize readily. In fact, we now have to go over roads that Portelance Lumber use for hauling with big trucks. It makes it somewhat risky to get there over roads that are so atrocious. Yet we keep getting the same argument, "when funds become available."

Funds are made available for other park projects in the province and I think funds never become available here because people think if you are in northern Ontario there are an overabundance of available sites where people can go and spend a Sunday if they desire. Well let me tell you, that is merely a myth. If one wants to go to Grundy Lake from Sudbury, it's 100 miles round trip. What do the miners, who spend a lot of time underground where it's miserable, cold and dirty, do when they have a short change on a Sunday or have a Sunday off? Just where the hell are they supposed to go?

I can't be any more blunt than that, and

I am getting a little incensed that since 1969 we've been looking for the funding. Surely to God it is time we put a little money into upgrading that road. Actually I don't think you can do it because you have to go 10 miles on the Portelance Road, which is a lumber road. Why can't we come in via Capreol Lake, follow the north shore of Wanapitei and develop that 1,300 acres so the 25,000 people in the immediate basin, and the 100,000 plus if you include the city of Sudbury, would have a place to go to?

I might invite the minister to come on a Sunday. We could visit Ella Lake, where they simply stand on each other's shoulders to make use of the park; or we could go into the one small park in the city of Sudbury, which doesn't meet the needs.

It's so strange in the north. I have a case before the minister in trying to get a park established in Haddo township, because in the French River area, which is a well known tourist area, there is not a public beach. There is not a place for kids; in fact kids are paying to go swimming in that part of the province because all of the beaches are privately owned. We are now trying to establish Haddo Park and we are having a little bit of difficulty.

Can you imagine kids in northern Ontario, in the French River area which is a straight tourist area, having to pay to utilize a proper site for swimming? Now that is crazy, but that is how bad it is. I wasn't aware of that until I got involved with the municipality of Noelville. We've been working on that one for two or three years, trying to get some land from the crown. Surely to God it is time we stopped this pipe dream that there is a great deal of land available in northern Ontario and everybody just has to put on his swim suit and find a place to swim or have a picnic. It just doesn't work that way.

I cite the two examples, the kids from Noelville who have to pay to go swimming because all of the land is privately owned; and in particular Lake Wanapitei, which is probably one of the nicest sites in northern Ontario. The government has been committed to it since 1969 but, aside from doing a little work on a bit of a road, they have done virtually nothing, except take the studies, the counts which indicate it would be heavily utilized if, in fact, it were developed. I'm not talking, Mr. Minister, by the way, about having washroom facilities and so on. It can be very plain; but we have to be able to get there, and also we must clean it up.

Hon. F. S. Miller: The problem isn't only in your riding. You can come to my riding

and you'll have exactly the same problem. You will discover that on Muskoka Lake, which is a lake used by lots of local people if they can get to it, there isn't a provincial park of any kind. There may be a few 66-foot road allowances and that's all.

Give my staff this much understanding: They are interested in parks and recreation. They don't have to worry about other parts of this ministry; they don't have to worry about other ministries. I have to worry about other parts of this ministry and, as a cabinet minister, I have to listen to the arguments of other ministers. We also have to listen to the demands of all of you who are, let's say highlighting, and have been for some years, the social services which have bled the overall resources of government dry, leaving ministries like mine without the funds they need, and leaving specifically those things like parks the hardest hit.

In defence of my staff, if they had their way there would be a lot more money in that budget and those things would happen. The fact remains that we have had to cut our overall spending to meet the revenues, even within the last week. The changes made last Tuesday are going to come out of my budget before we are through, and that almost always means discretionary changes in those areas we can postpone. You can't postpone teaching a child; you can't postpone looking after a sick person; you can't postpone a number of things in society. Sadly enough, you can postpone park access. You can postpone a number of things that this ministry does, even though postponement may not be justified. Either that, or you've got to find new sources of money. It's as simple as that.

I don't like it. When I was Minister of Health, you know darn well I fought to cut what I considered money spent that didn't buy health—not cut the budget but cut money spent that didn't buy health. Why? Because I knew it could be used in places like Natural Resources better than it was being used in Health. I still say that.

Mr. Martel: You don't answer the question.

Hon. F. S. Miller: I have answered the question. What else am I going to say except that I can't get the money?

Mr. Martel: Where on the planning board, and it's been there since 1969, does Wapitei fit into the scheme of things?

Hon. F. S. Miller: In terms of where its priority is, I don't know. I can tell you this: I was involved in the Wapitei park reserve, I would say, early last summer. As I recall it, it's at the north end of the lake and it has

a chunk in the middle of it that doesn't belong to the government, along the shoreline. Interesting enough, that belonged to somebody who lives in Muskoka but who comes from the Sudbury area. He had a customer for that land and he said to me at that time: "It is logical that it should be part of the park; however, I have a willing buyer at a price I am willing to take. I would rather it go to the government at perhaps even less than the market price." I believe our problem then was to find acquisition funds for even that particular piece of land. As I recall there was also a second piece, slightly outside of the park boundary, that our staff rated as even more important, if one had to carve up the funds for acquisition than the one that was sold. That piece was sold last year. I would be delighted to meet your requirement, my requirement, or in fact a number of other members' requirements, for park land in this province. I guess what I need, if you are an effective opponent, as a proper critic should be, is your support to help me get it by saying there are some things you don't need quite as badly as the park land you say you do need.

Mr. Martel: I could tell you some places to raise some money.

Hon. F. S. Miller: Not necessarily raise some money.

Mr. Martel: You said the problem was money, that you didn't have enough and that, in fact, you are spending it on social services.

Hon. F. S. Miller: The problem is money and the problem is where it's spent. I think one has to decide if 42 cents out of every dollar raised in Canada is enough for the government to take. That's what we are taking today.

Ms. Bryden: If they redistributed it, they could do better than that. They don't spend it all on themselves.

Mr. Martel: Or is there a new source of revenue? Might you find a new source of revenue?

Hon. F. S. Miller: We have found a number of sources. We could increase your personal income tax.

Mr. Martel: Right.

Hon. F. S. Miller: Of course, in your case that wouldn't hurt.

Mr. Martel: No, that's right.

Hon. F. S. Miller: Taking it from the rich and giving it to the poor is quite proper. I would suggest that we would have had the right source in your case.

Mr. Martel: Right. I know somebody else who's a lot richer and so it would hit him a little harder, providing it was calibrated.

Hon. F. S. Miller: They do, they do.

Mr. Martel: I would suggest to you there are other avenues to raise money, but your type wouldn't consider them for a moment. I will tell you what; sell Minaki Lodge. Now there's a priority I will give you, if you could even get rid of it.

Mr. Chairman: That comes under the Ministry of Industry and Tourism.

Mr. Martel: Mr. Chairman, with the greatest of respect, he asks for a source where we wouldn't have to spend. I suggest to you that we have blown \$10 million so far on Minaki and it would be foolish to blow another \$8 million or \$10 million for that white elephant. Was Leo strong enough to get that through cabinet?

Mr. Chairman: We are running short of time. Ms. Bryden, please.

Ms. Bryden: Mr. Chairman, I realize the time constraints and that we do want our even hours for the last two votes because they are the administration of the resources of his province. However, I think it's more important that we spend some time on program gaps, or areas where we feel there is need or additional development, rather than on ongoing programs. With all due respect to the chairman of the St. Lawrence Parks Commission, we can't deal with every subject every year, and I think we should reserve some time or item 2 as soon as this vote is finished. I hope I am the last speaker on this vote.

There is one area in this vote I would like to bring up though and that is the question of an Ontario trails program. There's growing interest in the use of trails for specific kinds of recreation, hiking and that sort of thing. It's becoming a worldwide interest. The Bruce Trail, which we pioneered in this province, is known worldwide. It's advertised in all our tourist literature as a major tourist attraction. I think we need more of that sort of facility in this province.

In 1973, the ministry held a seminar on the possibility of a trails program and then announced that it was setting up the Ontario Trails Council to carry on the work of the seminar. The Ontario Trails Council was not actually appointed, though, until almost two years later, on September 1, 1975. I can remember that date because it was just before we were first elected to this House. It took an election, apparently, to stimulate the appointment. The council produced a final report in August 1977. I think they made a mistake in not getting it out before the 1977 election,

they might have had more action. We haven't heard a thing since then as far as I know.

[12:00]

It had 90 recommendations in it for establishing what would be known as an Ontario trails program. I think it's very important to look at this, particularly when our most distinguished trail, the Bruce Trail, appears to be under attack at the moment by the opponents of some proposals that the Niagara Escarpment Commission has brought out, even though they are only tentative proposals put forward for public discussion.

The Ontario Trails Council also recommended a considerable amount of legislation, which doesn't necessarily cost the minister money but which would bring the trails program into focus, bring the responsibilities under one ministry and consolidate some existing legislation on trails. It also recommended a permanent advisory council on trails which, it seems to me, would be very valuable in light of the work that has already been done by the Ontario Trails Council. The council recommended long-term planning and a certain amount of funding. But it's not an area where you need a great deal of money; it's more an area where you need planning and co-ordination of activities of different bodies; of private land owners, trails committees, private clubs and so on.

I would like to ask the minister what he is planning to do in this area to implement or to consider the recommendations of the Ontario Trails Council?

Hon. F. S. Miller: That report stimulated a fair reaction from a number of the groups whose members or representatives were on the council itself. Interestingly enough, some of them are not necessarily in accord with the recommendations.

I know it's being studied by staff. I haven't received a response as yet, but I'd be happy to have them fill you in on the work they have done recently on that study.

Ms. Bryden: I'd appreciate that, Mr. Minister.

Mr. Vrancart: Up until about two weeks ago we were still receiving responses from some of the organizations. We are now in the process of assisting the minister in preparing a response to the report of the Ontario Trails Council, and we would hope to have that in the minister's hands within the next two weeks.

Ms. Bryden: Then we would hope there would be action from the minister after that. I hope, Mr. Minister, you'll make that report public.

Hon. F. S. Miller: I think we made that one available the day the printer gave it to me.

Ms. Bryden: That's a very good record.

Hon. F. S. Miller: Before I even read it, it was issued.

Item 1 agreed to.

Mr. Foulds: Mr. Chairman, I'd like to suggest that we carry items 3 and 4 now, so that Mr. Rollins and his staff can get away; then we can spend the reminder of the time on item 2 before we have to move, because of time constraints, to the next vote.

Mr. Chairman: I think we agreed to go to item 3, the St. Lawrence Parks Commission.

Ms. Bryden: No, Mr. Chairman, we did not agree to any such thing. I have said that I feel we can't deal with every item; there are a great many questions on item 2, and we only have an hour left.

Mr. Chairman: No, but we're going to go back to item 2.

Mr. Foulds: Let's go to item 3 and carry it.

Mr. Chairman: We'll ask the minister—

Ms. Bryden: Mr. Chairman, we have one hour left, I understand.

Hon. F. S. Miller: I think what we're saying is either you want to talk about items 3 and 4 or you don't. If you don't want to talk about them, carry them and let these gentlemen go.

Ms. Bryden: That's really what we're suggesting, Mr. Chairman.

Mr. Foulds: I move we carry item 3.

Mr. G. I. Miller: Can Mr. Rollins and his people not make a presentation at all?

Mr. Foulds: We had a fairly thorough one last year, as I recall. That only gives us 45 minutes—

Mr. Chairman: No, we'll go back to fish and wildlife tomorrow. We'll still have in excess of an hour tomorrow for fish and wildlife; so there is no problem there.

Ms. Bryden: Do we have about eight hours left after today?

Mr. Chairman: We have about seven and a half hours left; that is correct.

Hon. F. S. Miller: So we will have roughly half an hour tomorrow.

Ms. Bryden: After today?

Hon. F. S. Miller: Yes.

Ms. Bryden: Mr. Chairman, it seems to me that fish and wildlife will require more than an hour; it is an area of policy where decisions are being made that I think the

members want to discuss, and the ongoing work of the parks commission—

Mr. Chairman: I was under the impression that we had agreed to revert to item 3, the St. Lawrence Parks Commission, to listen to Mr. Rollins and his general manager.

Ms. Bryden: I don't think we passed any such motion.

Mr. Foulds: I move that we move to item 3.

On item 3, St. Lawrence Parks Commission.

Mr. Foulds: I move we carry item 3.

Some hon. members: Carried.

Mr. G. I. Miller: I suggest that we should give the chairman of the St. Lawrence Parks Commission a brief opportunity to speak.

Mr. Riddell: How lengthy would the presentation be? Could they make it fairly brief?

Hon. F. S. Miller: The question is, do you want a presentation or do you want to ask specific questions of the chairman and of the general manager? I would leave it to your choice. If you simply wish them to come forward for a few moments and if you have questions that are of interest to you then ask them as you have been doing to me. If you do not, then pass the vote.

Mr. Riddell: I would say dispense with the presentation. If a member has a question to ask, let him ask it.

Mr. Chairman: Any questions under item 3?

Hon. F. S. Miller: Mr. Rollins and Mr. Sloan could perhaps come forward for a second. Mr. Rollins is chairman and Mr. Sloan is general manager.

I think all of us are delighted when there aren't questions. Unless I'm wrong, since I've been minister you haven't talked about the commission at all. I don't think you ever touched the vote last year.

Mr. Wildman: We talked about mileage didn't we.

Hon. F. S. Miller: Not with me as minister.

Mr. Wildman: Maybe that was the time before.

Mr. Chairman: All right, who wants to ask Mr. Rollins or Mr. Sloan some questions with regard to the St. Lawrence Parks Commission?

Mr. G. I. Miller: I would just like to know the background on how much area the St. Lawrence park covers, and what revenues and expenditures were from last year?

An hon. member: There's lots of material for you to read.

Mr. Rollins: Mr. Minister, Mr. Chairman, and members of the committee, there are 15 campgrounds, 10 major day-use areas and approximately 10,000 acres involved in the St. Lawrence Parks Commission. That includes Upper Canada Village and Old Fort Henry, the golf course, the waterfowl sanctuary, the sugar bush and winter recreation.

Mr. G. I. Miller: Can you give us a breakdown on the golf course and Upper Canada Village, the revenues versus expenditures?

Mr. Rollins: I am going to leave that to Mr. Sloan, our general manager, who is here with us this morning. He has the figures and possibly could give you a little more detail to save time. I have it, but I would like to leave it with Mr. Sloan, if that is agreeable to you.

Mr. G. I. Miller: Yes.

Mr. Sloan: I will start with Upper Canada Village. Our actual revenues from entrance fees were \$539,364 for 1977-78. Our operating costs run in the order of \$1 million at Upper Canada Village. I should clarify that the revenue only relates to the entrance fees. We have a village store, but that is operated through merchandising and revenue, which is a separate division of the commission. Our stores are operated that way so that they are self-sustaining. Sales through the village store were \$858,736.

Old Fort Henry entrance fees in 1977-78 were \$244,958 and operating expenses were in the order of \$900,000. The sales from the store at the fort were not included in my former revenue report. They are \$298,986.

Golf course revenue fees in 1977-78 were \$112,839. That is the best season that we have ever had and the golf course is self-sustaining.

Mr. G. I. Miller: You mean it made a profit?

Mr. Sloan: Yes, sir.

Mr. G. I. Miller: How much?

Mr. Sloan: A profit in the order of \$12,000.

Mr. G. I. Miller: Is there a fee for the concessionaires, a rental fee?

Mr. Sloan: For the people who use the golf course?

Mr. G. I. Miller: No, I was going back to Upper Canada Village, the concessions that are there.

Mr. Sloan: We operate our own store.

Mr. G. I. Miller: Oh, it's operated and managed by the—

Mr. Sloan: By the commission, yes.

Mr. G. I. Miller: Okay. There was an operating loss, then, on Upper Canada Village of how much?

Mr. Sloan: We run at about 50 per cent, so if we're just talking about entrance fees we run in the order of \$500,000.

Mr. G. I. Miller: A deficit?

Mr. Sloan: Deficit.

Hon. F. S. Miller: But you get a profit on that \$900,000 sales in the store?

Mr. Sloan: That's right.

Mr. G. I. Miller: How much?

Mr. Sloan: The profits would run about 40 per cent at the village store.

Hon. F. S. Miller: That's the gross?

Mr. Sloan: That's the gross.

Mr. G. I. Miller: What capital expenditures were made at Upper Canada Village?

Mr. Sloan: There were no major capital expenditures at the village or at the fort. Our capital expenditures related to the completion of a small day-use park which the commission plans to open this fiscal year and the completion in the last fiscal year of the camp grounds which the minister opened in July of 1977.

Mr. Riddell: Why is the St. Lawrence park such a losing proposition? It had an expenditure of pretty close to \$7 million and revenue of about \$2.5 million?

Mr. Sloan: Our biggest loser from a revenue standpoint and operational standpoint is the parks system. We have taken the same steps as other parks, because we are part of the provincial parks system. One of the steps the minister was talking about with respect to provincial parks was that our fees are being increased in order to attempt to come as close to direct operating costs as possible.

Hon. F. S. Miller: Could I ask a question, as I don't spot the figures here myself and I think that's what Mr. Riddell is getting at? The net loss is the issue. I saw a figure that I thought was \$500,000 which was our transfer to you. Is that from general revenue to the—

Mr. Sloan: No, there are no transfer payments.

Mr. G. I. Miller: Has there been an improvement in the revenue versus expenditures going back three years say?

Mr. Sloan: Yes, each year there has been an increase. Comparing the fiscal year 1977-78 to 1976-77, it was on the order of a \$200,000 increase. We are forecasting on the order of a \$500,000 increase in 1978-79.

Mr. Chairman: Any further questions? Thank you very much.

Item 3, agreed to.

On item 2, fish and wildlife.

Hon. F. S. Miller: Could I ask my staff to come up for this? Mr. Eckel again, Mr. Loftus, Mr. Roseborough.

Mr. Chairman: Thank you very much, gentlemen.

Mr. Martel: See, Frank, you found money. You are to open a day park this coming year, and one last year, all in southern Ontario. That's all south of the French; we call it all southern Ontario, and that includes Muskoka.

Hon. F. S. Miller: I think if we were to ask for a per capita campsite basis north and south you might find the figures would shock you.

Mr. Martel: True, because the greatest revenue for the ministry comes out of the north.

Hon. F. S. Miller: That, of course, is something that doesn't quite fit under this vote I think—

Mr. Martel: No, no, I know; but when you put it all together—you can't look at it in isolation, Frank.

[12:15]

Mr. Foulds: Clearly we're looking at a trans-ministerial responsibility.

I would like to ask a couple of general questions in terms of policy with regard to fishing. Some of the information that's coming forward indicates that our fisheries, both sport fisheries and our commercial fisheries, may be in as serious difficulties as our timber management areas. Some biologists I talked to indicated that if we aren't careful, in 25 years or so we could have fished out the province, strange though that may seem. It's another one of those hidden problems that isn't in the forefront of people's consciousness.

I would like to know what steps the ministry is now contemplating to remedy some of these very real problems that are coming before us. Are they contemplating, for example, shortening seasons? Are they contemplating having stringent enforcement of limits? Are they contemplating putting size limits, for example, on a number of species? And are they thinking of closing some lakes as a temporary measure?

Hon. F. S. Miller: The answer is probably some of all those things. Within the last week I have addressed a letter to the chairmen of both the opposition caucuses—

Mr. Wildman: I have it right here.

Hon. F. S. Miller: —suggesting that you should have the opportunity to have our staff present, as they have done to our caucus, the programs in depth rather than have a very short time at them. That's an unusual step for us to take, but I really feel that I need your assistance rather than your resistance changes are to be made.

I find it very frustrating, in dealing with the various users of the fishery of Ontario, to hear almost any one of them—I don't recall mind which it is, whether it's NOTO, whether it's the flying operators, whether it's the commercial operators, whether it's the Indians—say they agree management's essential, I don't ever get any disagreement on that. Then they say: "Of course our share is not fair. We know how to manage our share. It's the other guys who are using the system who haven't got the slightest idea of how to manage it. Of course, what you need to do is let us fish pickerel starting May 15 in any given year and perhaps stop the commercial fishermen from taking any, to make up for what we take," et cetera, et cetera.

The message I'm trying to get through is loud and clear, whether it's in Lake of the Woods, whether it's in Lake Simcoe, whether it's in the trout lakes of the north, the most vulnerable of all our lakes, is that the resource is threatened, that it's in various states of deterioration, that in the north management as proposed in SPOF, probably can solve the problem. Management of the fishery touches on all those things you've just discussed including hatchery work which you perhaps didn't.

In the south, a major rebuilding program of the quality of the water and of the fish in the water is required. In other words, the problems are slightly different. One is managing a native resource and the other is replacing a resource that in many cases is already exhausted.

You can delight, as all opposition critics will, in saying that we told you so. The fact is that each one of you, probably, at some time have written letters on behalf of someone who is demanding the right to have a commercial licence, who is demanding the right to open a season. It's interesting to pull the files, fellows.

Mr. Foulds: Never did it.

Hon. F. S. Miller: I'm glad you didn't. You can talk with a clear conscience. Maybe you all can, I don't know.

It's always interesting, when one starts attacking a minister, to go back to the files; you know how you write letters on behalf of

our constituents saying that a ministry decision to do such and such was unfair.

Mr. Wildman: Surely we're not attacking the minister when we express a sincere concern about—

Hon. F. S. Miller: No, no; don't misunderstand me. What I'm trying to say is that when the ministry has tried hard to manage a resource, the pressures are very real and they're put on all of us, not just my party or your party or somebody else's party, as representatives of the people who vote for us, or against us. They talk to us and say, "Look, I've got to live today; you can tell me you need fish tomorrow but today I've got to survive. My resort can't function if you tell me you're closing my lake." That happens.

"You can't limit the catch to three fish, people won't come. You can't eliminate the commercial fishing in this lake, because we make our living on it." Is it fair to leave it to the wealthy, usually American, to make a safe ground for anybody to say something about.

The fact is I don't think any one group is at fault. I think we all have to recognize the severe stress of the fishing resource and get behind the program that is evolved and we are ready to implement, providing: (a) that we have the funds, and (b), the support of the people in the Legislature of all parties to say this resource is vital enough for us to take certain unpopular steps today in the interests of tomorrow.

Mr. Foulds: Could you be specific about what you consider those unpopular steps to be?

Hon. F. S. Miller: The unpopular steps? Well, we would be a fishing licence. We talked about that the other night, although that's not perhaps as critical as—

Mr. Martel: Most northerners would accept that.

Mr. Wildman: If the money would come back to the north.

Hon. F. S. Miller: I gave you that guarantee in the beginning, but I have to tell you that I keep on taking little polls as I go around the province talking to groups and asking for shows of hands. It's interesting. It varies greatly from community to community. I have had letters, officially, from northern communities; strangely enough, the only objections I recall in writing are from the north, from official groups. Groups who have sat down and looked at the problems and said: "No way, this is one of the rights we have. It's one of the last things." I think

the words I saw in one recently are, "—we can pick blueberries and catch fish without a licence." I don't know whose riding it was. I'm not choosing or picking on any one.

Mr. Martel: Was it yours?

Mr. Chairman: That's three so far.

Mr. Foulds: And the blueberries are going to go pretty soon too.

Hon. F. S. Miller: You remember I said the other night our purpose wasn't to alienate the people of the province, it was to solve a problem.

Look at the shortening of seasons, the restrictions on commercial fishing. It's very unpopular. Take Shoal Lake, which is currently the centre of a lot of discussion, where the Indians, along with white fishermen but particularly the Indian bands, are dependent upon that fishery for their income. They're saying: "Listen, what are you trying to do to us? We're earning some money and you're now telling us that we don't know how to manage a resource we've managed since time began."

Limitations on winter trout fishing would be exceptionally unpopular.

Mr. Wildman: John Rhodes worked very hard against that.

Hon. F. S. Miller: Lots of people have for that matter. I just brought that up yesterday with my staff and it's intriguing to watch my staff in Atikokan split on that one. It depends on when you fish. I don't fish in winter so it doesn't bother me, but if you happen to be a winter fisherman and not a summer fisherman, you are not inclined to support a ban on trout fishing between, say January 1 and March 31.

Mr. Foulds: Has your staff done enough work to be able to ask them what a temporary closing, say for a two or three-year period, would do; say to northern winter trout fishing?

Hon. F. S. Miller: I'd have to ask Mr. Loftus to answer that question, but earlier today when you were talking about access points I mentioned that one of my biologists, as recently as yesterday, estimated the productivity of his particular lakes at one-quarter pound of lake trout per acre per year. I've heard the figure of half a pound per acre per year further south, in say Algonquin. I don't know whether those figures are representative or not, but he was talking about a slightly colder lake in the Quetico area and saying that he estimated that it was producing a quarter pound per surface acre per year of lake trout. On that basis he could see the whole year's production going in two hours.

Mr. Foulds: That doesn't solve the problem just to close it for those two hours.

Hon. F. S. Miller: What it does solve, and I think what the biologists would tell you, is there are particular times of the year when trout bite, and right now is one of them. There are particular times of the year when trout spawn. We've traditionally, I think, protected those times. We don't with all types of fish. Those are the kinds of things, from a biological point of view, one can determine; but it requires a willingness on the part of all of us to inform the public as to why we have to take some of these measures, what they consider unjustifiably governmental, bureaucratic interference with their way of living. That will be tougher in the north than it will be in the south.

Mr. Martel: What about coarse fish, do they destroy the usual type of fish?

Hon. F. S. Miller: I'm being very risky in answering these questions when I've got experts sitting all around me, but one of the reasons we have, say coho in Lake Ontario, is to control coarser fish, because the trout traditionally were the top predator in a lake system and if you had the trout there your coarse fish, under most circumstances, were cannibalized—not quite cannibalized but they were used up in the process. We have now got to the point, in certain of our lakes, and I think Lake Erie would be a good example, Lake St. Clair, perhaps even in the northwest and Lake of the Woods area, where coarse fishing by the commercial fishermen is helping maintain a balance. In other words the coarse fish removed are actually helping the sports fishermen. Is that correct, Ken, in some areas?

Mr. Martel: What about the smelts and suckers that get in and just have gone wild in some of the northern lakes?

Hon. F. S. Miller: I would need an answer on that, but I suspect—like they have in my lake. I don't recall a smelt in Muskoka Lake when I was a kid at all; now you can go out there right at this moment and bring home bushels of them in minutes.

Mr. G. I. Miller: Would it be beneficial to remove them from the lake?

Hon. F. S. Miller: Well, again, I guess my people would tell you if you have the right balance of native fish they are removed. Ken? Please let me defer to somebody who knows.

Mr. Martel: I was hoping you would.

Mr. Loftus: Smelt, I think, is a species that you shouldn't use in the ordinary context, because it is one of these invaders, it doesn't belong. So it does a particular kind of

damage and it's one of the stresses that our fish population are having to accommodate along with exploitation and too many nutrients and that sort of thing. The damage that smelt do in waters in the north where they have been introduced—purposely or accidentally—we can't tie it down—we know that there's some damage.

Now coarse fish, as we speak of them in general, are necessary in the fish community in the lake. You know, there are the top dog and the ones in the middle and down to the minnows, they are all necessary. The trouble that I think we have the most trouble with is balancing the harvest across the complete of species. We have an awful tendency just to go for the top predator, whether it's recreational fishing or commercial fishing and this tends to throw things out of balance. If you lose the top predator, then the so-called coarse fish tend to expand, they have lost the policeman in the system so that they become more abundant and the difficulty of re-establishing the top predator in such a system is made more difficult by the expansion that these so-called coarse fish have been able to achieve.

Mr. G. I. Miller: Is there any possibility of having commercial fishermen fish for smelt, and can it be made feasible? I know there has been some development; the market for smelt is particularly good and there have been requests, particularly from some commercial fishermen, for example in Lake Simcoe. Is this feasible or a possibility; and would it be good for the lake?

Mr. Loftus: We, in fact, are recommending that we find some mechanism for increasing the harvest of smelt in Lake Simcoe. We run into a "social problem" as soon as we suggest that, because some people react very violently at the sight of a piece of commercial gear. It's a difficult sort of thing to achieve.

Ms. Bryden: The Lake Ontario smelt have been more or less condemned this year although I understand it was based on samples from last year being full of PCB and mirex. Is it possible to get rid of those contaminated fish, or are we going to have that problem in Lake Ontario for a long time?

Mr. Loftus: We know of no method of getting rid of the contaminant in the short term, or even the long term, once they are in the system.

[12:30]

Mr. G. I. Miller: Again, is it possible to remove those fish, and would that be

eaning effect if those fish were taken from the waters and disposed of?

How can you clean the lake up? I suppose this has been asked, I believe it was asked at the fishermen's conference back in January-February, whenever it was.

Mr. Loftus: Certainly you would remove at part of the contaminant that is in the lake that you take out and destroy and dispose of in some way, but I'm afraid the effect of that action in cleaning up the stuff that is in the lake will come into the lake at a later time because it's pretty small. You just don't see that as a viable mechanism. It may be the only mechanism, I don't know.

Mr. G. I. Miller: Are you giving it consideration then, from the ministry's point of view?

Mr. Loftus: Yes, we have thought of this and looked at it in whatever detail we can.

Mr. G. I. Miller: Have you discussed it with the fishermen also?

Mr. Loftus: Yes.

Mr. G. I. Miller: And what is their reaction?

Mr. Loftus: Well, of course, the fishermen, I think, would like to be able to catch these fish and get a market price for them as a contribution to reducing contamination. If that was a really effective way of reducing the contamination in the lake I think it would get more consideration than it has been getting.

Mr. G. I. Miller: You are supporting the program then.

Mr. Loftus: We support any program that would reduce contamination, but I think it is to be more practical than this approach appears to be, from what we can learn about it.

Mr. Chairman: Any further questions? **Mr. Foulds:**

Mr. Foulds: I just wanted to revert to a problem with pickerel that I mentioned, that the minister did not reply to, on whether he was considering regulation. We've had some pressure from some groups.

Hon. F. S. Miller: On the size limits?

Mr. Foulds: About size limits, yes.

Hon. F. S. Miller: I read some interesting

comments recently on the approach to size limits, or using size limits on pickerel, from two points of view, as I recall; and again Mr. Loftus will correct me if I am wrong I hope.

First, we really aren't anxious to concentrate the attention of the fishery on the mature, spawning fish. It's something you tend to do by limiting size. When your spawning population is at risk, then you want to control the take by controlling the numbers rather than controlling the number of large fish that come out of a lake. So there are some counter arguments to saying go after the big ones. It's the big ones which have reached the point of maturity where they will spawn. What people tend to forget is that fish are just like humans, they take so many years to reach that point. If you concentrate only on the mature fish you are probably removing a good percentage of the stock of fish able to reproduce in a body of water.

Secondly, it's been my understanding that pickerel, amongst many species, is more sensitive to disease once it's caught, from handling; that's what I've been told. I don't know whether you have ever told me that, Ken, but it's more likely to pick up a fungus.

Mr. Loftus: At certain times of the year.

Hon. F. S. Miller: Therefore, just the very fact that they have been caught, taken out of the water, handled and put back in can cause them to die under any circumstance.

Mr. Foulds: So that as a practical measure, if you were looking at any change in that area, you would be looking more practically at limitations of the number of the fish that you can catch rather than—

Hon. F. S. Miller: That is the total take in numbers of fish is probably more suitable. Would you agree with me?

Mr. Loftus: Total numbers is the thing you want to control.

Mr. Chairman: Thank you very much. It's 12:35; we shall adjourn until tomorrow night at 8 o'clock. I would just like to remind the members of the committee we still have 40 minutes left before the magic hour of 15 under vote 2403, item 2.

The committee adjourned at 12:35 p.m.

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 Wildman, B. (Algoma NDP)

From the Ministry of Natural Resources:

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 Loftus, K. H., Director, Fisheries Branch
 Sloan, J. R., General Manager, St. Lawrence Parks Commission
 Vrancart, R. J., Director, Provincial Parks Branch



No. R-16

Legislature of Ontario Debates

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Resources Development Committee

Estimates, Ministry of Natural Resources



Second Session, 31st Parliament

Thursday, May 4, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, MAY 4, 1978

The committee met at 8:10 p.m.

ESTIMATES, MINISTRY OF NATURAL RESOURCES

(continued)

On vote 2403, outdoor recreation program; item 2, fish and wildlife:

Mr. Lane: There was a time when I liked to talk about wildlife all the time, but now I'll talk about fishing as well. I will still talk about wildlife first.

In any case I would like to discuss with the minister the concerns of the people on Manitoulin Island re the deer-hunting season. I have a fistful of letters here, but two of them represent about 300 people. One is from the Manitoulin North Shore Federation of Agriculture and the other one is from the Manitoulin Tourist Association.

As you recall, about two years ago the farmers on Manitoulin got together and expressed their concerns to your people from the Espanola office regarding the trespassing that was going on in the deer-hunting season on Manitoulin. As you know, all the land on Manitoulin is privately owned. We had this kind of a conflict some 30 years ago or so when people were allowed to hunt with dogs. After two or three years of fighting with the Crown Department Lands and Forest, we got a bylaw passed whereby no dogs would be allowed. That sufficed for a while.

However, there is an influx every year of between 3,000 and 4,000 people coming to Manitoulin to hunt deer. It has got to the point where people either have to post their land or there has to be some kind of a special licence. The wish as originally expressed to your ministry was that there would be a district licence. Just about the time the deer season opened last fall, your people informed the people of Manitoulin a proposal — proposal B, they called it — whereby there would not be a special licence to hunt on Manitoulin Island, but they would have to have attached to their licence a letter from the landowner saying they had permission to hunt on the particular parcel of land where they were found hunting.

There were some folks against alternative B who wished to have the original idea go

forward. However, after several meetings and discussions with your people from the Espanola office, which certainly were very effective, they agreed they would settle for alternative B which would be basically a letter of permission attached to the hunting licence when hunting deer on Manitoulin Island.

There has been increased concern this last few weeks that this probably is not going to come about in time for deer hunting this fall. I am getting a flood of letters, and I see where the people in the federation of agriculture have said that everybody should be sure to write to his member. If I cannot get a clarification from you, I'm going to get another 400 or 500 letters. In any case, I wonder if the thing has progressed to the point where you can clarify the intentions for this fall.

Hon. F. S. Miller: Yes, I will be glad to answer that. First, I think I will have to give Ken Loftus beside me a medal tonight for turning up here on his 32nd wedding anniversary with his wife. This is his night off. It is an awfully bad way to have to spend a wedding anniversary, but it is a loyalty above and beyond the cause, I would think.

Mr. Chairman: My feelings are hurt. I thought it was a very interesting committee.

Mr. Lane: I think that calls for drinks all around.

Mr. Chairman: The minister is buying.

Hon. F. S. Miller: To answer your question, the subject you're talking about has been a very interesting one to me. It's one that has potential for use in a number of places in the province, not necessarily for deer hunting but wherever the trespass problems are grave enough to make landowners consider petitioning their councils to prevent hunting. I think that's true of a good many parts of Ontario. In southwestern Ontario in particular, there's very little deer hunting to begin with, but small game is hunted and the trespass is resented as much as it is for deer, I'm sure, on Manitoulin Island.

I recently approved the draft terms of a specific area type of licence, or at least a permission type of approach for the island of Manitoulin for this coming year. I assume,

and I'll ask Mr. Roseborough to confirm it, that the paperwork will be done quickly enough so that these requirements will be in at least for a trial to see that they work for this coming deer season.

Mr. Roseborough: Yes, that was signed in the first week of April and it requires the deer hunter on Manitoulin Island to have a form attached to his Ontario deer licence with the written consent of the owner of the land.

Mr. Lane: So he won't be getting a special licence—just simply have permission from the landowner attached to his regular licence. Will that be supplied on a form that you people produce, or will that just be a letter from the landowner?

Mr. Roseborough: That will have to be produced—it will be a form that will be in regulation. It will be supplied to the landowners in Manitoulin.

Mr. Lane: So he'd simply take it to the landowner and get it signed and then attach it to his licence. I'm very glad to hear that because we've basically had a good relationship between the hunter and the farmer, and it was only really a small percentage of the hunters that caused a problem.

Then, of course, the overhunting is causing concern. The deer just can't stand that much hunting each year. The result is many people have been posting their land and that's something that I hate to see anywhere, especially on Manitoulin Island. It's always been the sort of area where everybody felt free to come and go where they wanted to and when they wanted to. To see a lot of land posted saying "No trespassing" is a little hard to buy on Manitoulin Island.

However, if this type of licence comes into being in time for the season this fall, I think that will pretty well put a stop to posting of land, because that was really what they were doing it for and it's a pretty expensive situation in the first place to have to post two or three thousand acres of land. Secondly, it's not all that effective because the guy can say, "I walked in between two signs. I didn't see either one of them," and you can't prove that he did. But by having a form signed by the landowner attached to his licence, at least he's going to have made contact with the landowner and get that form signed.

I suppose there's always a possibility he might sign it himself, but I assume your officer will be doing some spot checking and then have the odd hunter go along with him to confront the landowner to make sure that it is a valid signature just to keep it from becoming a racket whereby the chap might

be tempted to sign his own permission to go on certain land that he wanted to hunt on.

Anyway, I can't foresee any great problem with that, and I'm certainly pleased to know it will be in effect for this fall. I know most people will be very happy to hear that. The minister told me last year he felt the plan would not only solve some problems in Manitoulin Island, but would solve some similar hunting problems in other parts of the province, especially for small game. I'm glad to know we didn't cause you all that much extra work and expense just to look after my good people in the island. I'm glad to know that it will be effective in other parts of the province.

Hon. F. S. Miller: It would have been worth it, in any event.

Mr. Lane: Thank you. I'm sure that our people will be glad to know that you feel that way about them.

As I said before, there's not much use in my talking about wildlife any more so I'll talk about fishing for a few moments. A better occupation for a man of my age, really. I know you are concerned about the restocking of the lakes in the province, especially in the northern part of the province, because of the tourist attraction. I know that my people are concerned there's not enough restocking at this point in time. As a possible way of raising money, I know you're considering a local fishing licence be required by people of this province and this country who are fishing. Regardless of how you get the money, I personally think you have to go ahead with that program because if we don't I am sure that the tourist industry, especially in the northern part of the province is going to suffer.

Also, on the fishing situation, I am just wondering if there could be better use made of the hatchery at Sandfield than is presently being made of it. I know the staff is down to a bare minimum now. I would assume, not knowing anything about the hatching of fish, that probably other species could be reared there at a lesser cost than it would be to put in a new hatchery some place else. I don't know if that is valid or not but I would like to hear your comments on it.

Hon. F. S. Miller: I would have to have some assistance on the specifics of the hatchery. I am very anxious to see the overall program enriched, as you know. It seems to me that the critics of both parties, as well as the members of this committee—not unanimously from our committee point of view, but from the three parties—have endorsed the fishing licence if the money is used for an improved fishery. I visited the South Bay-

outh research station last summer when I as on Manitoulin Island to see the work ing on there. It's important work. I believe at's one of the few research stations, if not e only one—Mr. Loftus can tell me—where e're doing studies on whitefish in the rovince.

Mr. Loftus: That's the only one.

Hon. F. S. Miller: It was quite interesting me to see the work being done on white- h and also on other types of marine life, eeping an audit on the changes in the types f life at various levels and the kind of things h were living on. As you know, in Lake uron we have been doing our best to add lake to the waters. That is controversial ecause some people think splake should not e utilizing any part of our hatchery resources hen they are limited.

However, I having listened to the critics etty carefully—I would say, almost say, I as convinced by the critics that that pro- am should be dropped because they were ily convincing and fairly persistent—I then ked my staff for the background, con- sidering Lake Huron was the experimental ea basically for them. I have come away tisfied that it is necessary to continue the lake program on a research basis in that ke to find out whether we can re-establish eepwater trout fishery with naturally re- oducing hatchery fish as the basis for it, en though that may fail. Do you have a cond one of those cigars?

Mr. T. P. Reid: I don't think you would ant the first.

Hon. F. S. Miller: Just let me know when s been getting me anything except this mmittee.

Mr. T. P. Reid: You got a paddle in tikokan.

Hon. F. S. Miller: I got a paddle in tikokan and a picture in Atikokan.

Mr. T. P. Reid: And you can still smile out getting it.

Hon. F. S. Miller: Yes, I want to know if is is celebrating a new arrival in your mily, Mr. Reid.

Mr. Lane: It's not one that he is going to aim anyway.

Mr. Chairman: Order.

Mr. T. P. Reid: There's always one ming.

Hon. F. S. Miller: That's what the girl id.

Mr. Fould: Can we have a little order, r. Chairman?

Mr. Chairman: You're absolutely right. Let's get on with item 2, vote 2403.

Hon. F. S. Miller: I would like Mr. Loftus to answer the question that relates to this specific hatchery.

Mr. Loftus: With improvements, additional use could be made of the Sandfield facility. The priority that is highest on our list is increased capacity to produce salmonids that is, lake trout, splake or fish of that sort. It is capable at the present time of produc- tion during the summer of species like small- mouth bass but our needs for small-mouth bass are so low that we do not use it in that capacity.

We do have in the back of our minds—not as the highest priority—improving the water supply for Sandfield, getting out into the deeper and colder water in Manitou, so that we would have cold enough water to produce increased numbers of things like splake to improve our restocking program in Lake Huron. That's one of the things that is sort of in the bank to do when we can.

Mr. Lane: That really shouldn't be too expensive. Your ponds and everything are there; you just have to reach farther out in the lake to get the colder water, eh?

Mr. Loftus: Yes.

Mr. Lane: I'm glad to hear there is no thought of scrapping the hatchery, and likely there's some thought of enhancing it at some point in time. You probably can answer the question better than I can. I believe the research station has remained at about a level status over a period of years; the hatchery at Sandfield has been cut back to barely a skeleton staff, but I believe the research station has remained about level. Is that right?

Mr. Loftus: I don't think that is quite correct. I don't have specific dollar figures, nor do I have specific staff figures, but in most parts of our program we have been hurting in recent years.

Mr. Lane: We haven't been able to keep up the research operation at South Bay- mouth to the level we would like it to be?

Mr. Loftus: No.

Mr. Lane: Both facilities are established and, as the minister has pointed out, the research station in South Baymouth is pro- viding very good service. As soon as the dollar situation makes it possible, I would hope you might take a look at the expansion of both of those facilities, because we have a lot of lakes on the island and a lot of lakes close by that need to be restocked, and I would like to think that we could produce more

young fish from that hatchery than we are doing at present.

I don't know that I have too much more at this point. What I've heard is pretty good news, Mr. Chairman. The answers have been pretty positive. I guess I'll settle for that.

Mr. Chairman: I would like to remind the members of the committee that we have approximately 20 minutes left on this item, Mr. McGuigan.

Mr. McGuigan: Thank you very much, Mr. Chairman.

Mr. Chairman: We'll try to fit you in, Mr. Reid.

Mr. McGuigan: I am pleased that this year you established a sanctuary on the Thames River to protect the spawning pickerel. I understand this is the source of most of the pickerel in the western basin of Lake Erie. But the time period pretty well missed the spawning. They were late this year. I believe you established the sanctuary from March 15 to April 16. The fish are now spawning but they don't have the protection of the sanctuary. For another year, would it be possible to judge this better or to make the time more flexible?

Hon. F. S. Miller: I probably have the right to sign an order almost with one or two days' lead time. We were just congratulating ourselves within the last day or so that there was very little trouble this year in that general area. We may have been a little premature.

We really were concerned; we knew the pickerel hadn't spawned during the time allotted, which would be the traditional time on that section of the river. A couple of factors occurred. First, we had very high water for a while; that masked anything that was going on, although I guess it prevented any serious fishing attempts anyway. Then, of course, the cold weather delayed the overall spawning activity of the fish. We had some fear that the fish weren't going to spawn. I haven't had it confirmed by the biologists that the fish have spawned. I will have to ask them for their current update on it.

Generally speaking, I have enough flexibility, I would say, that if a problem popped up tomorrow I could reimpose the ban in a hurry.

Mr. McGuigan: That's fine. I'm not criticizing you—

Hon. F. S. Miller: I'm not on the same wavelength as the fish every day of the week.

Mr. McGuigan: —it's just that apparently it has to be flexible.

[8:30]

There is another item that is of concern about fishing in our area. There is a chain of islands that cross the western end of Lake Erie, going from Point Pelee to the American side. I believe Bass Island is the largest island on the American side. Because of these islands, it is good sport fishing country, and charter boats from the United States come over and fish in our waters.

Mr. T. P. Reid: Ah, a good line of questioning.

Mr. McGuigan: These people apparently are allowed to fish in our waters for the matter of buying a non-resident fishing licence. How do they get this licence? Do they get it before they make the trip or do they land and get it?

Hon. F. S. Miller: Officially, I guess the commercial vessels aren't permitted to land, if I'm not wrong. We met with the Ontario Commercial Fishery Association within the last week.

Mr. T. P. Reid: Was Jack Corbett among them?

Hon. F. S. Miller: Yes, Jack Corbett brought them. It's the first of a series of meetings with the commercial fishermen and, rather than have the same executive come each time to visit with me, he has decided to bring along fishermen from specific fisheries. The first chosen were from the Lake Erie fishery, so I had the opportunity to listen to the discussion on this very problem and try to consider a couple of issues brought up by them.

I guess that, up to date, we have had no control over the movement of boats back and forth across the international boundary, whether it was Lake Erie or whether it was Lake of the Woods.

Mr. T. P. Reid: Or Rainy Lake.

Hon. F. S. Miller: Or Rainy Lake, yes. It's been a real problem in both cases. The licences have to be bought in advance, obviously, if they're fishing.

Mr. McGuigan: Is it by mail?

Hon. F. S. Miller: They do it by mail. In years gone by, we actually had licence issuers in the United States. Those were cut out simply because it was too convenient to get the licence. I'm very anxious to see the benefit from the fish in the Canadian waters flow to Canadian outfitters or to Canadian business people. I don't mind what the nationality of the fisherman is. I would simply like to see, just like in Quetico, that we had enough points supplying the service—

Mr. McGuigan: Motels and so on?

Hon. F. S. Miller: Right—so that the benefits accrued to our country. I'm looking into that. Mr. Loftus again may wish to offer some comments on this aspect of the fishery around this area.

There's another problem, of course. The commercial fishermen claim they sometimes have almost deliberate destruction of nets in the waters around Pelee Island by some of those vessels, which do not like them to be fishing for the same species or competing for the fishery. Mr. Loftus, would you like to offer us some advice on that?

Mr. Loftus: Thank you, sir. I have no words of wisdom to add. You have described very well the problem, which we must now face. We don't have an easy answer to it. We are addressing the major problem of allocation of the available resource; in the case of the western end of Lake Erie, the allocation of the available pickerel to the commercial fishery and to the recreational fishery.

That seems to be a knotty enough problem. But in this sort of specific situation we obviously also have to face the business of allocating the available recreational component between resident and non-resident fishermen. To that equation must be added the considerations that are involved with economics.

We're taking a hard look at this. We simply don't have a rational way of coping with it at the moment.

Hon. F. S. Miller: Without checking my minutes of that meeting, I think one of the points brought up by the commercial fishing people was that since these were boats for hire with professionals operating them in foreign waters, perhaps there would be some agreement that would allow us to differentiate between them and, say, a pleasure boat operated by the owner or lessee for a day and that perhaps they could become subject to some kind of Canadian licensing just as the commercial fisherman is. It was an interesting point.

Mr. McGuigan: They are very close to, aren't they?

Hon. F. S. Miller: Yes. I know we are looking at the points brought up and I hope we will be answering some of their questions before too long.

Mr. McGuigan: One further question; is this an Ontario matter or does it also involve the federal government?

Hon. F. S. Miller: I believe international boundary waters are subject to federal agreements, as I recall.

Mr. McGuigan: So there will be some negotiations you may have to do with them.

Hon. F. S. Miller: I am sure there would be. Anything that gets us into the International Joint Commission and international agreements requires federal government intervention, whether it's the water flow across hydro stations or whether it's pollution or anything else.

Mr. McGuigan: In the spirit of co-operation between the province and the federal government, we hope perhaps you can solve this matter.

I have one further question. A constituent, Keith McLean, who lives at the western end of Rondeau park is quite anxious to turn his farm of about 100 acres, I believe, into a sanctuary. Deer cross his farm and geese land on the farm. He would like to put this in his will and make an agreement with the province to carry on this property as a sanctuary. His offer has been pretty well rejected up to now by the local office of your ministry. I wonder if you could tell us what your policy is in establishing sanctuaries.

Hon. F. S. Miller: I am really unable to quote a policy. I know from time to time people, for one reason or another, wish to give a gift to the crown. Sometimes it's a very welcome gift and has tax advantages for the donor as well, which we don't begrudge them.

At other times there are conditions attached to the gift which may involve us in operating expenditures or in policies which really don't conform with our own objectives in a given area. I would suspect one almost needs to look at each individual request on its own merits and decide whether what they are offering fits in with our own plans for the area.

Mr. McGuigan: If I gave you the details of this, would you look into it?

Hon. F. S. Miller: Gladly.

Mr. Wildman: Have we talked about winter fishing of lake trout?

Hon. F. S. Miller: No.

Mr. Wildman: Could you tell us what the status is now of the ministry's studies on what will be done, if anything, with the season?

Hon. F. S. Miller: I can't answer it; maybe Mr. Loftus can. We talked about the problems of the winter fishery at some length in the last half hour.

Mr. Wildman: I know, but the ministry has been carrying out studies and had public meetings over the last year on the possibility of shortening or changing the season in the northeast. I think those studies were centred on Lake Temagami, and there were some

others. Then I think the ministry came to the conclusion that it might do some more specific lake studies. There certainly was a great deal of opposition to the shortening or closing off of the winter fishery by local residents. I am just wondering what's the status of that now, especially since Bill Straight has been appointed to Wawa?

Mr. Loftus: Certainly with the data we had in hand our people were convinced there was a need in some way to reduce the level of exploitation generally on lake trout lakes. When our people discussed it with various public groups, we achieved unanimous disagreement on how this should be done, as you would expect. I think rather than bite the bullet and take an arbitrary action the decision was made to go and try to get some additional hard data in the hope of gaining public support for some kind of restriction and to convince people it was serious enough that somebody had to give up something.

I haven't seen the additional data that I am sure was gathered last winter, and I have not had a recent recommendation from them for specific action.

Mr. Wildman: That additional data you were looking for, was that related to specific studies on lakes other than Lake Temagami in other districts of the region?

Mr. Loftus: Although I'm not certain I understand that a number of lakes were involved during the winter fishery season. I could get details on that for you.

Mr. Wildman: I would appreciate that.

I don't want to take up much time because I know the time situation we have, but the minister talked about the lake levels in another vote. I mentioned at the time the problem of lake levels in the north end of Algoma in relation to Great Lakes Power control dams. With the significant lack of rainfall this spring I have had a number of concerns expressed to me by residents and tourist outfitters in the Dog Lake-Lake Manitowik area, those lakes I mentioned before, regarding the pickerel spawning season and the very low level of the lakes. They request that Great Lakes Power be encouraged to raise the dams, and Great Lakes apparently is unwilling to do that because they feel the runoff has not started yet. They are probably not looking to raise the dams until late in the season.

What kind of pressure can you put on a power utility that has an agreement on all of the lakes in that area, except one, to try to maintain the level? At this time of year the water is down two feet from what the people in the area consider to be normal. I was told

that they are having to portage from their docks to the lake.

Hon. F. S. Miller: That is properly under the previous vote, as you know—

Mr. Wildman: The reason I am raising it is because of the pickerel season—

Hon. F. S. Miller: No argument, I'm just saying the people who could answer the question as to what power do I have over the—

Mr. Wildman: Oh, I see.

Hon. F. S. Miller: —the Great Lakes people on water control are not here. After you raised the question before, I was to get you some information.

Mr. Wildman: I got an interim reply.

Hon. F. S. Miller: I was told there was also another package coming; whether you got that yet or not, I don't know—

Mr. Wildman: No, I haven't.

Hon. F. S. Miller: This is supposed to be coming along. It was my understanding that the one you said wasn't controlled may have been controlled through another agreement, but that has to be confirmed.

Mr. Wildman: I am not really concerned with that here, I am just concerned with the pickerel.

Hon. F. S. Miller: I just don't know. I'd have to look at the agreement and see. Even in those lakes we control ourselves with no need to have an agreement at all, a spring like this spring can cause traumatic problems for the water controllers, because they make their predictions based on normal rainfall.

Mind you, there's no problem in the Great Lakes; the problem is the reverse. This period of relatively dry weather is probably a god-send to them. Your lake in particular, Mr. McGuigan, is running quite high, I believe. So we are managing to dump a fair amount of water without adding to the burden.

Mr. Wildman: I hope that you will look into that and try to determine what could be done.

Hon. F. S. Miller: I would be glad to.

Mr. Wildman: Another matter; is the anti-lamprey program included in this vote?

Hon. F. S. Miller: That's federal.

Mr. Wildman: What influence do you have on their operations in the Great Lakes?

Hon. F. S. Miller: On the federal government?

Mr. T. P. Reid: Very little.

Hon. F. S. Miller: I don't think that's quite fair. I am sure there's a good deal of co-operation.

Mr. Wildman: There must be consultation.

Mr. Loftus: That program is carried out under the control of the Great Lakes Fishery Commission, which is international. Ontario has two of the four commissioners who direct that program, so there is a fairly substantial directive role possible in that mechanism.

[8:45]

Mr. Wildman: The reason I'm raising it is because in this low water situation I am informed by the tourist outfitters in the Batchawana area that over the last two years apparently too much poison has been put into the two rivers in that area, the Batchawana River and the Carp River, in relation to the amount of water and it has killed a large proportion of the sport fish. I would hope that that could be looked at.

One other thing I want to raise and that is your guidelines on hunting and fishing rights for treaty Indians, which you published in January, I believe, for responses from the various Indian organizations and other interested parties across the province. I understand that you got varied responses from the various Indian organizations. The Union of Ontario Indians I think decided not to respond because as far as they were concerned it was simply a restatement of policy that had always existed.

Hon. F. S. Miller: That's all it was intended to be. The idea that we were trying to state new policy was incorrect. Mr. Herdige might want to answer this in detail, but we were trying to say what the law as we read it allowed, rather than what we would like it to allow. Is that not correct?

Mr. Wildman: All right. In that case can you indicate the effect of the recent court cases that have gone against the ministry in the Treaty 9 area and in the Robinson-Superior area? What effect, if any, has that had on your policy?

Hon. F. S. Miller: It's not policy. It's a statement of what the law is and I think there is a big difference between policy and law.

Mr. Wildman: Obviously the courts disagree with you.

Hon. F. S. Miller: The problem with the courts and policy on Indians is that it is all muddled up. In Temagami we can't even get a definition of what the problem is before the courts, it's that complex. The law as it applies to certain aboriginal rights is very complex. I spent half an hour today listening to the attorney General (Mr. McMurtry) and probably six lawyers discussing the problems in that one specific area.

Mr. Wildman: Was that in relation to this Shoal Lake band?

Hon. F. S. Miller: That's an entirely different area and an entirely different problem.

Mr. Wildman: Were you able to solve that problem today?

Hon. F. S. Miller: No. We are working on it. We have spent untold hours with Shoal Lake of late.

Mr. Wildman: And you were meeting with them today?

Hon. F. S. Miller: I wasn't meeting with Shoal Lake today. I was meeting with lawyers today on the Temagami land cautions.

Mr. Wildman: I don't want to talk about land cautions, we are in fish and wildlife. I want to talk about hunting and fishing rights.

Hon. F. S. Miller: Well, I'm talking about Indian laws. That's what you were talking about.

Mr. Wildman: Hunting and fishing rights.

Hon. F. S. Miller: Yes, but you were talking about Indian laws and rights.

Mr. Wildman: That's different from land claims.

Hon. F. S. Miller: It isn't any different. The whole thing is tied up in the federal government's rules and regulations on Indians and what rights the treaties have and how you interpret them. It's a very, very complex issue. And since the courts can't sort it out, we've been doing our best to say this is the way we understand them, therefore this is the way we are going to enforce them. We do our best to do that simply to prevent the kinds of confrontation you have going on right now in, say, the St. Regis area of the St. Lawrence River, where we have a potentially very dangerous situation.

Mr. Wildman: Are you going to be able to solve that problem of the licences?

Hon. F. S. Miller: No, not necessarily.

Mr. Wildman: What do you expect is going to happen when the season opens?

Hon. F. S. Miller: In this case the Ontario government is intending to have, I think tomorrow, a map from the federal government showing what they consider to be the boundaries. We'll patrol the sections that are outside of the reserve and apply normal Ontario rules outside of the reserve and expect them to be observed.

Mr. Wildman: What if so-called Indian COs also enforce fishing rules on the reserves?

Hon. F. S. Miller: The federal government has said it will abide by the law as it under-

stands it and help enforce it, whether it's in the Indians' favour or whether it's in the non-Indians' favour. I think that as long as we can agree on the boundaries with the federal government pro tem whilst some mechanism is established to argue about where the boundaries may be—and that, let me tell you, will take 10 years—then we'll be okay.

Mr. Wildman: Did MNR meet today in the Kenora area with the Shoal Lake band?

Hon. F. S. Miller: I could not tell you. I have had two reports on two meetings with the Shoal Lake band within the last two weeks. Can Mr. Ringham tell me? Was there a meeting today with Shoal Lake?

Mr. Ringham: No, sir.

Mr. Wildman: Okay. You don't then anticipate trying to negotiate changes in your guidelines so that you won't meet further confrontations in the courts or outside the courts?

Hon. F. S. Miller: The confrontation there is one of people taking 10, 12 or 15 times what the lake is producing. I would think that if you're interested in the Indians up there you might be on our side as well as their side—which should be to control the take.

Mr. Wildman: Right, but what I was asking is do you anticipate negotiations between the native organizations and the ministry to try and resolve the differences over what the treaty means?

Hon. F. S. Miller: Yes, but the negotiations are on more than one level. There is the tripartite level of negotiation which is trying to establish general rules and there is a local negotiation trying to solve specific local matters. An example of the problems we run into occurred on Tuesday. Our staff flew all the way to Kenora to discuss wild rice matters, and I guess Treaty 3 just walked in and said they wouldn't discuss it. So it's not exactly an easy game.

Mr. Wildman: Okay, I'll leave it because of the time. Thank you, Mr. Chairman.

Mr. Chairman: Thank you, Mr. Wildman. We've gone four minutes past the magic hour of 15 hours that the committee agreed upon to complete vote 2403 and go to 2404. We have two more speakers. We have Mr. Miller and Mr. Reid. Is it the wish of the committee to go ahead for another few minutes to allow them to give their presentation?

Agreed.

Mr. G. I. Miller: Thank you very much, Mr. Chairman. I appreciate that, because the fishing industry has been quite a controversial issue in the past couple of years in my

area. I'm happy to report that things have improved. They have provided more freezer facilities and the markets have improved, for the smelt in particular.

The report here brings us up to 1976. I'd like to point out too that Lake Erie produced about 62 per cent of the commercial fish caught in Ontario.

Hon. F. S. Miller: Poundage.

Mr. G. I. Miller: Poundage, yes. I was wondering what the report is for 1977?

Mr. Loftus: Without going into specific numbers the overall percentage of the province's production that came from Lake Erie remained about the same. The specific concern during the past year or so was the status of the yellow perch stocks and the imposition, with discussion, of an eight-inch size limit as a mechanism for protecting the long-term productivity of those stocks.

Production of yellow perch last year, in spite of the imposition of the eight-inch size limit, was up substantially. I don't say that to imply that was a result of the restrictive action. It was a stronger year class coming on. But there are other signs from the fishery that the imposition of that restriction is going to pay off and is already beginning to pay off.

Mr. G. I. Miller: My second question is in regard to the controversy over the size of the perch in Long Point Bay particularly. The fishermen indicated there was a difference in the growth pattern. I wonder, has this been proven that there is a difference, in the opinion of the ministry?

Hon. F. S. Miller: I talked to the Lake Erie fishermen within the last few days, and this matter was discussed. I asked my staff to look into the matter—I think we have an inner bay and an outer bay, is that right? And there is a discrete population of perch in each of those two bays, showing different characteristics. If any of the fish have a shorter, fatter body for the same age, they are in the inner harbour where we don't have the trouble, is that correct?

Mr. T. P. Reid: Yes, those must be in the inner—

Hon. F. S. Miller: Yes, you're in the fatter, shorter category, and you would be saved by the eight-inch limit.

Mr. T. P. Reid: Where's the older, fatter bay that you're in?

Hon. F. S. Miller: In any case, I felt there was good support from the fishermen present that day, some of whom were from that area, for the overall eight-inch limit. There wasn't good support for a change in mesh size to accomplish it. They told me a fisherman

could catch whatever he wanted with whatever mesh size he was allowed to use, apparently, by the way he hangs his net, is that right? I am learning a little more about it all the time. So they argued strongly for the freedom to choose their mesh size.

They argued they should be allowed at certain times of the year to increase their 10 per cent undersize to 20 per cent, because they simply were not able to control the undersize to that limit, even though they were practising conservation. Again, that's one of the issues that is before us to consider right now.

Mr. G. I. Miller: Speaking of that meeting with the fishermen, Mr. Minister, I think they do have a special weekend in July. I think you were invited to come down last year, or the previous minister was. I would imagine you might be getting an invitation this year; we would certainly be happy to have you come down and take a look. They might even lift some nets for you.

Hon. F. S. Miller: I'm going to Port Dover on a Friday. I can't recall what date it is, whether it is June or July. But I can assure you I am down on a Friday evening at 5 p.m. sometime, and I think it's for that purpose.

Mr. G. I. Miller: We would be happy to have you down in the riding.

Hon. F. S. Miller: I'll do my best. July 14?

Mr. G. I. Miller: July 14. So there is some justification that there is a difference between the fish in the inner bay to support the stand of the fishermen. There is some agreement—

Mr. Loftus: There are two fish populations here, apparently. The offshore, or outer bay, population which is the one that was the matter of most contention is the one that is the most trouble. It's not as slow-growing a population as the one in the inner bay is. There aren't big perch out there because they have been taken out. I'm afraid this strengthens our case for the eight-inch size limit.

Mr. G. I. Miller: When it comes to ice fishing, is there any regulation on the size they can catch there? I have heard some comments that there are a lot of small ones taken out at that particular time. I wondered if there was anything to justify that and if it could have any effect on the overall stocking in the inner bay. Have you any comments on that?

Mr. Loftus: I think this is something we have to look more closely at. However, the harvest overall by the recreational fishermen is a comparison to the harvest of 16 or 17 million pounds by the commercial fishing in-

dustry suggests that the impact of recreational fishing is probably not very important.

Mr. G. I. Miller: When the Ontario Council of Commercial Fishermen were meeting in Toronto in January, I believe it was, the Lake Ontario fishermen were quite concerned that the fish that were being taken there weren't suitable because of the pollution factor. I was wondering if there is a program. They mentioned that maybe those fish should be harvested, and if you could find a use for them it might help to clear the lake up. I wonder if there has been any research on that?

Hon. F. S. Miller: That was asked by somebody else earlier in these estimates.

Mr. G. I. Miller: I don't want to duplicate. I think that's it, then, Mr. Chairman.

Mr. T. P. Reid: Thank you, Mr. Chairman. I appreciate your generosity, and that of the committee. Just to maintain my image whatever that is—

Hon. F. S. Miller: No, don't do that. Let's try and upgrade it.

[9:00]

Mr. T. P. Reid: Under fish and wildlife, your budget is a little over \$23 million. Salaries, wages, employee benefits, and supplies and equipment come to a little over \$21 million. So obviously we are paying most of the budget under this section for conservation officers or fish propagation people and all the rest of it. Do you have the number employed in that area for us?

Hon. F. S. Miller: Yes, I should have that figure here somewhere. In the total fish and wildlife package, you mean?

Mr. T. P. Reid: Yes.

Hon. F. S. Miller: My statement here is that staffing man-years for 1978-79 are 690 classified, 274 unclassified.

Mr. T. P. Reid: That covers the somewhat over \$20 million does it? What I am getting at is that under item 6, vote 2401, analysis research and planning, there's a sum of \$627,000. What I would like to know is what that \$20 million under this vote covers and what is left for research and planning in fisheries and wildlife in your ministry?

Hon. F. S. Miller: Fisheries management and research, \$13,743,000.

Mr. T. P. Reid: Okay, but how does that break down? How much of that money is spent on propagation of fish, research, and on hatcheries for whatever species, and for moose management, deer management, whatever?

Hon. F. S. Miller: That was fisheries management I talked about, the \$13 million.

Mr. T. P. Reid: Is that under this total vote of \$23 million?

Hon. F. S. Miller: Yes, that's my reading of the—The figures are here if you would like to read them back. You might as well, Ken, rather than me. Are these yours?

Mr. Loftus: I think about \$1.2 million is spent on fisheries research and that involves a staff, if I remember correctly, of something less than five.

Mr. T. P. Reid: Mr. Loftus, of that budget of \$23 million, given that \$1.2 million on fish, how much is spent on wildlife research?

Hon. F. S. Miller: For that question we would have to switch over to Mr. Roseborough. I am looking down my figures too, trying to find the figure for you.

Mr. Roseborough: It is \$700,000.

Mr. T. P. Reid: On moose, deer, everything else—research?

Mr. Roseborough: That's on the research function.

Mr. T. P. Reid: Just as a matter of interest—and I will throw this out because I don't want to overly extend the generosity of the chairman—but it seems to me it might be helpful if not educational for the members to be invited to Maple amongst other places and any other of your research centres so that we could—

Hon. F. S. Miller: Actually, we'd be delighted to. I wonder if one needs to be invited. I recall when I was a young backbencher—that's of course a long time after you were a young backbencher—

Mr. T. P. Reid: That's true. I was an old backbencher by the time you were a young backbencher.

Hon. F. S. Miller: Yes, that's right, and you are still there.

Mr. T. P. Reid: Yes, and I will be an old minister just like you are.

An hon. member: Except you will be older. Interjection.

Mr. T. P. Reid: For which party?

Hon. F. S. Miller: That's what they said in your riding, for which party.

Mr. T. P. Reid: I am going to run Liberal-Labour-Conservative the next time. I might as well take it all in.

I just leave that thought with you. I just want to make a small speech about the fact that—as my friend Mr. McGuigan has touched on and my friend Mr. Miller and others—we have these border waters in which we are constantly being assaulted by both American

commercial fishermen—whichever way you define that—or American tourist operators bringing their guests over and fishing in Canadian waters. I had a letter recently from the minister in which he says, "Yes, it's very complex problem." I might tell the minister he is the fourth minister that I've been through who also has said, "It's very complex problem."

Hon. F. S. Miller: That staff member hasn't been changed recently.

Mr. T. P. Reid: I was going to say, if time to at least change your letter writer, if nothing else.

But it's very interesting that when we have this problem with American fly-in operators and when we put enough pressure on the Ontario government to say to the federal government, "Look, this has gone so far, we don't want it to go any further," the Minister of Natural Resources swung in and said, "Yes, we've had enough of this. We want to change the situation."

Now we face a problem on Lake of the Woods. We've heard about Shoal Lake, we've heard about Rainy Lake; we've heard about Lake Erie—all along the border we've had these problems with people coming across from the American side. I'm willing to admit there are some situations that some where along the Canadian border perhaps the Americans have the same problem where Canadians are going over and fishing in their waters. I'm not aware of too many of them. But certainly in the province of Ontario these people are taking advantage of the natural resources of the province and are coming across. The minister in his wisdom and with his legal staff have decided that you cannot touch those people until and unless they set foot on Canadian soil—which means they have to land on an island or on the mainland of Canada and then you can grab them; then you can nab them; then you can charge them.

Mr. Wildman: In terms of mining we don't even grab them.

Mr. T. P. Reid: That's another problem. We'll get to that very shortly.

All I want to say is this. If the minister and the ministry have the will to do something about these people to cut down on the kind of rape that they are doing to our fish, particularly to our fish resources—in which the economic benefit is going to the American tourist operator, the American commercial operator, whether he be a commercial fisherman or otherwise, then our people on our side of the border are going to be at a disadvantage and we're going to make rules, regulations and laws to their disadvantage.

have a resolution on the order paper that we would set up a joint committee with all the states bordering on the province of Ontario to talk these problems over. I'm not sure what's going to solve the problem.

The Americans particularly are great believers in the rule of law, and they use that to the utmost degree. It seems to me that maybe a few laws are required on our side saying, "Look, these are Canadian and Ontario resources. Keep your hands off them or you face the penalty." I appreciate all the arguments about not being able to draw a line through the middle of a lake—through Rainy Lake, Lake of the Woods, Lake Erie and all the rest of it.

Hon. F. S. Miller: That's quite possible. Our commercial fishermen must stay within those lines.

Mr. G. I. Miller: They get nipped once in a while.

Mr. T. P. Reid: Yes, and if our people go across to the American side, there is no hesitancy at all in their being nailed by the American conservation officers and they don't have to step on American soil to be charged. They're bloody well sure that they don't come back on the American side.

Hon. F. S. Miller: Are you sure of that fact in terms of the sport fishery?

Mr. T. P. Reid: Yes.

Hon. F. S. Miller: That our sports fishermen, once they cross the international boundary, will be picked up without setting foot?

Mr. T. P. Reid: Yes, and I think—well, I don't want to refer to anybody here, but that's a fact and it's a fact all along the American border and besides that—I see you want to get some advice there.

Hon. F. S. Miller: I think we'd better check your points, but in any case, carry on. It would appear that you may be wrong.

Mr. T. P. Reid: All right. I would appreciate if you would, because their people are more prepared to exercise the law whether or not it results in a conviction, but they at least bloody well scare off the Canadians. The other side of that coin is that in most cases along the border the good fishing is in Canadian waters.

On Rainy Lake, which is the largest lake in my area, pretty well, all the fishing is in Canadian waters. They come across, they fish in Lake Erie and at Kingston. All the way along the border you have those kinds of problems. It not only affects the tourist operator but it affects the commercial fishermen because they are taking a certain amount

of the allowable catch. I live in Fort Frances and I see on the news on Sunday nights where American sportsmen are coming across from Baudette, Minnesota into Lake-of-the-Woods, into Rainy Lake on the Canadian side, and my God, they've got beautiful pictures. They say: "Come to Baudette, go to a tourist operation, come across and you'll have great fishing."

I must say after 11 years here, if the minister has the will to do these kinds of things, to stand up and say: "We're tired of this and we're not going to put up with this any more," the Americans usually respond because they're even more touchy about their natural resources, which have been ruined to some extent by overfishing or overhunting or whatever. I don't want to impinge on your generosity—

Mr. Chairman: You already have.

Mr. T. P. Reid: I realize that, but I just want to leave this with the minister. I would hope that he would do something more than respond to my letter by saying it's a complex problem. It's been a complex problem since that border was put there; but if we're going to maintain the integrity of our natural resources, if we're going to maintain the employment of the people in the tourist business and if we're going to maintain the employment in the commercial fisheries, I think it's incumbent on the ministry, which has the primary responsibility, to take some lead in saying we've got to come to some resolution of this problem.

Legalities aside, I think we've got to say to our Americans: "We can't condone this, we can't put up with it any more and we can't allow it. Either you voluntarily restrict yourself or we're going to have to do something, legally or paralegally, to say that you can't do it any more."

Mr. Chairman: We've gone 25 minutes over the magic hour of 15.

Mr. T. P. Reid: Thank you. I appreciate that.

Item 2 agreed to.

Vote 2403 agreed to.

On vote 2404, resource products program; item 1, mineral management.

Mr. Martel: I have several topics I want to discuss with the minister. Before I begin, I hope the minister got wind of the vote in the House this afternoon on leased crown land. It was an overwhelming vote.

Mr. Wildman: Let him know about it.

Hon. F. S. Miller: I was there.

Mr. Martel: I hope you voted for it.

Hon. F. S. Miller: No, I didn't.

Mr. Martel: I didn't think you had. You got the news in the House anyway.

There are a number of topics I want to speak about dealing with this. But, first, I want to talk about Lake Wanapitei. The minister indicated he wanted to discuss this particular item under this particular vote. Some time ago, as the minister is aware, an advisory committee was established by the government to determine whether or not drilling should occur on Lake Wanapitei. That committee was made up, as I understand it, of representatives from the Ministry of Natural Resources and the Ministry of the Environment. I believe the chairman was Mike Solski or he was a member from the regional council.

[9:15]

That advisory committee suggested to the minister that before any drilling occurred in Lake Wanapitei, which is the main drinking water source for the regional municipality of Sudbury, that a total environmental study should be undertaken. For some reason, the cabinet—I could say in its wisdom, but I don't consider it to be wisdom—decided to forgo that particular recommendation of that particular committee. As I say, that committee was made up of environmentalists from the Ministry of the Environment and the Ministry of Natural Resources.

As a result of the government's order in council, a night letter was submitted to the Premier (Mr. Davis) asking—let me read it, it is very brief:

"The citizens of this region are extremely concerned about the cabinet's decision to disregard a unanimous decision of the Lake Wanapitei study committee, which recommended that the Minister of the Environment designate the following under the Environmental Assessment Act: any new industrial or commercial developments that are proposed on or adjacent to the lake or expansion of existing industrial or commercial developments that are on or adjacent to the lake. This is meant to include the exploration (drilling) of the lake bed and the development of any mine. This concern was also expressed by the regional council in a vote of 19-0 on this subject at their meeting of January 11."

The minister might be interested in knowing that not only the regional council but also the mayor of the city of Sudbury; the local MPPs; Chief Recollet of Indian Reserve 11; Norm Stevens, president of Lake Wanapitei Campers' Association; Oryst Sawchuk, whom I am sure you know is a representative

of the business and professional group; the Sudbury and District Labour Council; the Mine Mill union; the United Steelworkers of America—all objected to what the government had proposed. This was to no avail. The minister would not alter his position.

There was a petition submitted to the government—I forget with how many thousands of names—objecting to this.

Hon. F. S. Miller: With 43,000 names.

Mr. Martel: Yes. Again, the minister indicated on radio, I believe, or someplace, that he would not be bamboozled or budged from his decision to allow the drilling to proceed, despite the objections of everyone in the area.

I know of no one who supported the ministry. There was, however, a split vote in the chamber of commerce; and, even there, the division was so close that they were somewhat embarrassed by ultimately suggesting that it proceed.

It took a court injunction in an effort to get the matter halted. There was great cost to the regional municipality of Sudbury in bringing, I don't know how many people, to Toronto to appear at the hearing. The company became aware at that point that the city and the region were so intent on pursuing this matter that they would go to great limits to prevent the government from proceeding.

It is intriguing that while the representatives of the region asked for a meeting with the Premier, that was never granted. Nor were there any meetings, I believe, with the Minister of Natural Resources.

Hon. F. S. Miller: Yes, there were.

Mr. Martel: With whom?

Hon. F. S. Miller: I spoke to the district chairman.

Mr. Martel: Here in Toronto?

Hon. F. S. Miller: Yes.

Mr. Martel: With his delegation?

Hon. F. S. Miller: No, alone.

Mr. Martel: No one was happy with what the ministry did, and the meeting that was requested never occurred. That is certainly courtesy.

It is intriguing that my friend from Algoma-Manitoulin had the same problem in his area, and there were real objections in Elliot Lake to the same type of proposal.

It boils down to this, Mr. Minister: Most of the findings to date, the 12 holes drilled, indicate that there is nothing. We're told that there is a string of uranium stretching from Elliot Lake down through Agnew Lake, I guess, with some suggestion that there might be deposits in Lake Wanapitei.

If there is nothing there—and most of the essays indicate it is so small as to have nothing—but, even if there was, the decision would be whether you would allow them to proceed. You don't allow them to drill without some intention of having them ultimately mine it. One has to ask himself if that is necessary at this time, particularly in view of the fact that Lake Wanapitei is the sole source of drinking water for the majority of the regional municipality of Sudbury.

Now you can't have it both ways, Mr. Minister. You either want to take back out of Bill 164 that section that says to the region, "You're responsible for the drinking water for the people of the Sudbury region," and take it upon yourself; or you allow the region to conduct its business in a manner which assures the protection of their sole drinking water source.

I am intrigued that the Premier did not meet with the groups who requested meetings. You would not back off, it took a court injunction. I am not sure what kind of game was going on, and maybe the minister could tell me. Most of us feel that it was merely a tax dodge that was being played by the company in question.

Hon. F. S. Miller: Oh, come on!

Mr. Martel: Don't tell me "come on."

Hon. F. S. Miller: Come on, come on; let's be realistic.

Mr. Martel: I am being realistic.

Hon. F. S. Miller: Tax dodges—you don't go wasting money drilling holes in the middle of nowhere so you can lose money. No company does that. That is not a tax dodge.

Mr. Martel: No?

Hon. F. S. Miller: First of all, it's the kind of issue any local politician can make marks on by siding with what perhaps may be an unfounded but very understandable fear of people. It is also one in which you can very quickly magnify that fear if in fact it is unfounded. I am not saying that happened, but you as an opposition member are very able, if you wish—I wouldn't say you did—to capitalize upon the fact that people have a total misconception of what was happening out there.

Mr. Wildman: You don't mean that about John Lane.

Hon. F. S. Miller: I am talking to the member for Sudbury East.

Mr. Lane: We settled our problem.

Mr. T. P. Reid: Oh, yes, they are not drilling there.

Hon. F. S. Miller: He did not meet with my people; he may have, but he didn't meet

with me. In fact, I wouldn't back off in his case either.

Mr. Martel: There were 11 mines there already not operating.

Hon. F. S. Miller: He solved his own problem, and I guess you solved your own problem. I would be in no position to use one rule for my party and another rule for your party.

I was looking at the facts of the matter, and the facts of the matter supported the decision the ministry made. An environmental assessment would have been required had any ore been found. No mine would have been permitted without an environmental assessment, I am reasonably sure—although not by law—any more than we are permitting expansion of the current mines at Elliott Lake without a total assessment being done.

I don't know how many holes were to be drilled out in the lake. One company talked about doing three. I don't know what fears were put in the minds of people, but I have watched people in this age we currently are in being very aware, perhaps overly aware, of risks, ignoring some that are very real but being frightened by those they don't understand. I have watched those get played up to the point where very often we take very stern measures in one field and ignore them in other fields where it suits people.

For example, smoking is a traditional cause. We just aren't willing to admit to ourselves that it is a high hazard thing, therefore we wouldn't let government impose any rules on it. Yet we take something like this, where even you admit the drilling risks weren't high, did you not?

Mr. Martel: I indicated I didn't know whether they were high—

Hon. F. S. Miller: I thought the day you and I were on the radio that you indicated you understood the risks of drilling weren't high. But, you know, people on the street could be convinced, or could believe, that this radon gas that was talked about somehow came out of the hole in the ground like natural gas did and poured into the lake and caused trouble. The real problems would have simply been those of any pollution from work on the surface—spilled oil drums, debris left on the surface, that kind of thing.

Under the terms of the work permit and the terms set out by the Ministry of the Environment, a whole set of rules were set up, for that or any other drilling operation in any other place, to control the spill-related—in other words the work-induced—pollution from normal sources. That, I was reasonably sure,

and I think you would agree, would not have been a major problem on the lake.

So we are back to discussing whether radon gas in the water would have been increased by the drilling. It would not have. The injunction is a mechanism in law used to allow the court to assess the facts before the deed is done and I think the injunction for that reason serves a very useful purpose.

Mr. Martel: It's temporary.

Hon. F. S. Miller: Yes. The great beauty of an injunction is that it is done before the fact, and I support an injunction. The people were using their right, no argument.

My only right to control exploration out there, as I understand it, is that a work permit is required under the Forest Fire Prevention Act. Is that not right? Would you believe that is the only leverage I have? Therefore, I am claiming in the middle of winter, in the middle of the lake, drilling through the ice, that my only reason for preventing drilling is to prevent forest fires. You know, we are stretching our credibility a bit when we even use that. So that I wouldn't have been at all surprised, had I refused to issue it, that the reverse could have been argued. What on earth is that kind of restriction? Because up to date unless land is withdrawn from the area allowed for staking, normal exploration is a permitted right of prospectors and developers around this province, isn't it?

Mr. Martel: Except where you've decreed it couldn't be done to start with.

Hon. F. S. Miller: That's the other route. I could take the whole lake out, and I quite agree that could be done. But let's be honest, the purpose of the drilling was to determine if an ore body existed. Two companies were willing to gamble money there, as companies are gambling money in many places, to see whether it was worth following up.

Many a mine has been discovered in this province in places where previous exploration has shown insufficient ore to justify mining. In fact, I've seen the old saying that until three or four or five or six people have turned down a site as worthless, it is really not worth looking at. So I think the fact that other people have assumed that Lake Wanapitei's mineralization isn't of a type that would justify mining doesn't mean it isn't.

Mr. T. P. Reid: It certainly makes your northwestern Ontario geophysical study suspect.

Hon. F. S. Miller: Well, are you opposed to it?

Mr. T. P. Reid: I'm not. But who are you kidding if you say it takes five or six—

Hon. F. S. Miller: I'm talking about on the ground exploration, not the overall kind of mapping we're trying to provide for people to help them zero in on those areas of probable mineralization of the type they want. I think you'll find that's our responsibility.

So okay, looking at that fact, knowing that the drilling itself wasn't going to pollute the lake, knowing that—

Mr. Martel: You make an assumption that obviously the group which was appointed didn't agree with—

Hon. F. S. Miller: Fair enough.

Mr. Martel: —because the group that did the study, which was made up of representatives from your ministry—

Hon. F. S. Miller: And the people—

Mr. Martel: —and Environment didn't agree.

Hon. F. S. Miller: But just look at the breakdown of the membership. You're stressing my membership and Environment, but look at the fact it had a lot of local people, too. Fine.

Mr. Martel: It was a unanimous report.

Hon. F. S. Miller: The fact remains, whether you like it or not, one day of the week you're telling me I'm responsible as the minister for anything that happens. I am responsible for that decision. I'm responsible for accepting or rejecting the advice I get. I look at the advice I get. There are days I accept it; there are days I partially accept it; there are days I reject it. That day, using my discretion, I rejected it. That is one of my rights as a minister.

Mr. Martel: All right, then is it your responsibility when you do that to guarantee that the supply of drinking water will not be affected at all?

Hon. F. S. Miller: The Ministry of the Environment was satisfied that the controls they were putting on would protect the water supply of that lake. I told you I was as concerned about the water supply there as you are, and I knew that what was happening was not going to hurt the water supply, any more than running motor boats in the lake is going to hurt that water supply.

Mr. Martel: It's lovely to have your assurance, but it smacks—

Hon. F. S. Miller: Listen, you'll win this one locally, I have no argument. But the fact is I wasn't running a popularity contest; I was acting in a responsible fashion whether you liked my decision or not.

Mr. Martel: Then all of the people I listed, who represent that entire community, were being irresponsible.

Hon. F. S. Miller: No, but perhaps some of the people talking to them were.

Mr. Martel: Oh well, Mr. Minister, you might say that if you like or not. I was asked to come in on this group, so don't give me the nonsense. That regional council is loaded with Tories, so don't tell me that nonsense either.

Hon. F. S. Miller: I'm quite aware of that.

Mr. Martel: Don't come around with that type of malarkey.

Hon. F. S. Miller: Come on, now. We can both chatter at each other. You haven't got corner on that market.

Mr. Martel: You think you have a corner on all the intelligence. Your own people didn't agree with you.

Hon. F. S. Miller: My own people did agree with me.

Mr. Martel: Well they didn't, the ones who did the study.

Hon. F. S. Miller: Are you sure of that totally?

9:30]

Mr. Martel: They signed the report and it was a unanimous report. I'm sure of that, re you?

Hon. F. S. Miller: I'm sure of that.

Mr. Martel: Yes, and did some come from our ministry?

Hon. F. S. Miller: One that I know of.

Mr. Martel: Yes, and did some come from environment?

Hon. F. S. Miller: I don't know that. I know that one from my ministry did.

Mr. Martel: I guess he's fired, is he?

Hon. F. S. Miller: No. My staff can disagree with me without being fired. That's one of the freedoms in my ministry.

Mr. Martel: If the assertions that were made that that's a vein all the way through—

Mr. Wildman: If that were true in the case of cottage lots, you'd be looking for a hell of a lot more employees.

Mr. T. P. Reid: They're all writing out their resignations.

Hon. F. S. Miller: No they're not. They're trying to buy cottage lots.

Mr. Martel: Do any of them agree with you on that?

Hon. F. S. Miller: Not many.

Mr. Martel: All right. My information is they didn't even know it was coming. Why not drill on the shore then or near the shore? Why in the middle of a bay?

Hon. F. S. Miller: It happened that the people assessing the mineralization decided that was the place to go. You and I both know they weren't going to sink a mine shaft in the middle of the lake.

Mr. Martel: Well why drill?

Mr. Germa: Why bother drilling?

Hon. F. S. Miller: The drilling happened to be much less costly, I'm told, from the position they were choosing, because it was a vertical pitch right down. I don't even know if they could reach the area of mineralization from the shore; could they?

An hon. member: It's what they're doing in other places.

Mr. Martel: I don't know.

Hon. F. S. Miller: No, I don't think they could on an economic basis. You and I have to look at the facts. Would the drilling have hurt or not? That was the only issue before me the day I had to make that decision, not whether a mine would hurt or not, but whether the drilling would hurt or not. Do you agree that the drilling would or would not hurt?

Mr. Martel: I don't know. I'm not an engineer.

Hon. F. S. Miller: All right, I am.

Mr. Martel: And that makes you an expert?

Hon. F. S. Miller: You just qualified by saying you weren't because you weren't; therefore, I am.

Mr. Martel: I'm going by the people who actually did the study, some of whom, I guess, are qualified as well. They disagreed with you.

Mr. T. P. Reid: We used to have a saying about engineers.

Mr. Martel: Are you prepared now to take that drinking water source totally out of the—

Hon. F. S. Miller: Don't let's stretch the issue. The issue was whether or not the action I took was in any way hurting that water supply. The advice I got from all the people I asked, except perhaps one or two—and I won't even say with exceptions because I don't recall a dissenting piece of opinion—was that the drilling would not hurt.

Mr. Martel: The region has written the Premier, asking him to withdraw that body of water as a place where one could drill for minerals.

Hon. F. S. Miller: Do you know, also, how many people who signed that, or even voted in council, told me alternate things privately?

Mr. Wildman: Why do they do things like that?

Hon. F. S. Miller: Why do they do it? You're a politician.

Mr. Wildman: I don't do things like that.

Mr. Lane: Could I ask a supplementary on this?

Mr. Martel: Yes, go ahead.

Mr. Lane: I had a similar problem and I think in all justification I'll have to provide some support for my friends, the minister.

Mr. T. P. Reid: That surprises me.

Mr. Lane: I was concerned when Elliot Lake people turned to me and said they were upset about the possibility of drilling through a lake. It was not so much that I was worried about contamination of the water, but they were concerned. They went through the silicosis thing and they went through the radon gas thing. They were up to here in it and they didn't want any more. They had had plenty.

Frank said, "No, I can't do anything about it. But," he said, "knowing you, you'll go to the Premier or someplace else." So I did. I went to see the Premier but the Premier wasn't in town. So I went to the company and I arranged a meeting with the company. We sat down and did the very thing we're talking about here.

They said, "It's going to cost us several hundred thousand dollars more to do what you're suggesting, drill from the shore on an angle basis." In my case, I pointed something out to them. I said, "Assuming you go up to Elliot Lake and you do what you want to do and you don't hurt anybody and nobody hurts you," which was quite possible at that time as people were pretty well fired up. Then I said: "Suppose you get the three holes down through the ice and you find some real good ore and you want to do something about it, what are you going to do? You've turned everybody off in Elliot Lake. You can't go up there and work any more because your equipment is no longer going to be safe to leave when it gets dark. It would be far better to be a good citizen, spend a few extra hundred thousand dollars and drill from the shore." We were able to convince them that this was good and I called them back later.

I understand, Mr. Martel, that the regional municipality is not out of pocket for any money. I understand that Hollinger picked up the cost. Is that not right?

Mr. Martel: For the injunction?

Mr. Lane: For the legal costs.

Mr. Martel: I don't know.

Hon. F. S. Miller: I think Hollinger also recognized that no matter what our permis-

sion was, it had a public relations problem locally. It probably would not have gone ahead in the long run, but that was as a result of the reaction. What I have to point out is that it's great to jump in—I'd love to and so would our members who have to sit in the government side of the House. They often disagree with their minister and then go home and have to stand up for him on the weekend. That happens in our caucus as it might even in yours some days. I would love to have—and I may have this chance soon—the ability to go home and complain about everything and jump on every popular bandwagon that comes along rather than deal with things factually. There is a big difference.

Mr. Martel: Mr. Minister, I resent you—

Mr. Foulds: That's the kind of allegation—

Mr. T. P. Reid: That is the kind of gratuitous comment that you started with me. You weren't so concerned—

Hon. F. S. Miller: The evening was getting too quiet.

Mr. Martel: We are going to live in it up in a few more minutes, Mr. Chairman, you have moved from your chair, obviously.

Mr. Foulds: You say that the only problem facing you is whether or not there would be drilling taking place. What do you do when they find something and they decide to go for a mine? Doesn't that present you with an even greater problem?

Hon. F. S. Miller: Sure, but I recognize there is a mechanism to deal with that.

Mr. Foulds: Can I just finish the question please? Do you at that stage say: "No, I am going to withdraw all that land from use for mining," when you know there is an ore body there?

Hon. F. S. Miller: No, that is not the issue. The issue then is can the ore body be developed and meet the requirements of the Ministry of the Environment from a pollution control point of view. That is one that I, as a Minister of Natural Resources, would not be involved with.

Mr. Foulds: Pass it over to McCague.

Hon. F. S. Miller: Quite properly it is passed to another ministry, a ministry whose job is not the creation or discovery or maintenance of mines. I think that is good, because I think one of the criticisms you made of the mine safety branch when it was in my ministry was that in fact it was trying to serve two masters. The Ministry of the Environment has not got two masters to serve. It simply has to assess the impact of a mine

on the environment and set, if it can, the safety factors required to make it a safe mine.

Our ministry's job is to assist in the exploration if necessary and grant permits where proper for exploration; which we were doing in this case, satisfied that if in fact the mineralization was high enough that there was a potential mine there, there were lots of hurdles to cross with the Ministry of the Environment, a group perhaps not as concerned about the creation of the mine as our ministry staff would be.

Mr. Foulds: Then you get into cabinet and you have a very tough political decision.

Hon. F. S. Miller: I would say that the tough political decisions on environmental assessment have been met and we have passed that test. Look at the work that is being demanded of the two companies in Elliot Lake right now before expansion takes place—at the cost, I am told, of more than \$2 million for the consultant's report—as a result of the Environmental Assessment Board hearings. These are a whole series of questions which came out of the hearings back in November, including demands for information and studies, which have been worked upon for some time and which, if I am not wrong, were just received around the last week of April by the Environmental Assessment Board.

I would lay odds today that, whether I wanted it to happen or not—and I am not trying to take sides either way in this matter—in other words, whether I believe in environmental assessment or not I believe in a clean environment, and whether the assessment route is the correct one only time will tell. In other words, whether there are better ways—advance engineering or studying or appraising—than the present mechanisms only time will tell. But I would lay bets that no major mine anywhere in this province would be allowed to come into production in the future without meeting the requirements of that act or some similar assessment by Ministry of the Environment people.

Look at Onakawana, a much less hazardous, perhaps type of operation; by my ministry's agreement, in fact by my ministry's request to the Ministry of the Environment, it went under the Environmental Assessment Act. It is a good example of a new mine or a potential mine coming in under the new conditions. So I didn't see the conflict in the two things. Exploration is one function, development of a mine is another. The exploration has to be conducted under the rules that Environment has for water bodies where it occurs,

or on land even; and the development of the mine would have an entirely different and much tougher set of hurdles to cross.

Mr. Martel: Mr. Minister, that's interesting. I'll tell Chief Recollet that, as a politician looking for votes, that was obviously his only reason for objecting to this; the same with Oryest Sawchuk, the chamber of commerce and all the business—

Hon. F. S. Miller: Look, Elie, nothing I'll do will ever beat you in your seat.

Mr. Martel: You're right.

Hon. F. S. Miller: I'm not trying to make the difference between you winning or losing. I had no reason to turn it down or to approve it on a political basis; therefore, I could look at it soundly and coolly on an unemotional basis as to whether it was or was not good common sense.

Mr. Martel: It really wasn't an emotional basis; it's the sole source of drinking water for that whole region. If you think it was purely emotional, then you're whistling up the creek.

Hon. F. S. Miller: Listen, I believe the people. Don't ever kid yourself. I'm keenly aware of the sincerity of the people who signed that petition.

Mr. Martel: It's the politicians you don't trust.

Hon. F. S. Miller: I'm selective in that district.

Mr. Martel: I want to tell you, it's obvious that 19,000 people believed me in the last election.

Mr. Chairman: Are you all through, Mr. Martel?

Mr. Martel: No, I'm just barely getting under way.

Mr. Chairman: Are you?

Mr. Martel: Yes.

Mr. Chairman: Heavens. I thought you were going to give us a break.

Mr. Lane: If it makes Mr. Martel feel any better, I got exactly the same treatment from the minister; he said, "I can't help you."

Mr. Martel: Then we need a new minister, I think, John, because in Elliot Lake there were 11 mines that weren't—

Mr. T. P. Reid: Wait a minute. Don't say that. We used to have Leo Bernier.

Mr. Martel: Maybe I'll reconsider.

Hon. F. S. Miller: Whether you like it or not, I call them as I see them; and you know that, by my track record up to date

Mr. Chairman: I call them as I see them, too, and there are too many speaking here at the same time.

Mr. Martel: Mr. Chairman, I want to talk about exploration, too, for a few moments. I received this interesting letter the other day, as I'm sure some of you did. I just want to read the last paragraph. The amount of money being invested—

Mr. T. P. Reid: It won't be complimentary.

Mr. Martel: When we used to talk about exploration here, everyone would wag their fingers. I remember my friend from Renfrew South, I guess it is, used to say it was Barrett who was driving the mining industry out of Canada.

I want to read just one paragraph from this letter from a consulting mining engineer. In his last paragraph he says: "The William Davis Progressive Conservative government can therefore take a bow for largely killing mining exploratory effort, not only in the province of Ontario but right across Canada."

Hon. F. S. Miller: Who was trying to stop me from having exploration in the Sudbury basin recently?

Mr. Martel: We weren't trying to stop you. We said, "Drill on the shore. If you want to drill, get off the lake. If your vein is there, I presume you can go and find it on shore."

Hon. F. S. Miller: That's like looking for a lost needle under a light because that's where the light is.

Mr. Martel: Would you give me that one again?

Mr. T. P. Reid: I'm not sure that I follow that. And I'm not sure the minister did either.

Hon. F. S. Miller: I know what I mean. If you lost it somewhere else but you can't see the ground, go where you can see.

Mr. Martel: You can see underground, can you, even if you're on the lake? You don't bring it up?

Hon. F. S. Miller: With our equipment, yes.

Mr. Martel: You don't bring it up to the surface? Then you don't need any drilling at all.

The amount of money invested in the last—I can only get figures up to 1976; maybe you can tell me what they were for 1977. The amounts of money that I have as having been expended for exploration are about \$14.5 million in 1972, \$16.3 million in 1973, \$15.1 million in 1974, \$15 million in 1975 and \$14 million in 1976. Can you indicate to me how much was spent in 1977?

Hon. F. S. Miller: I can't. These are industry figures you're giving me, I believe. But the information my staff has been giving me, and that the prospectors and developers have been implying, is that exploration activity in Ontario has been dropping considerably in terms of constant dollars.

Mr. Martel: Yes. That's what's worrying me—

Hon. F. S. Miller: You can't have it both ways, either, doggone it.

Mr. Martel: I would do it differently, so don't worry.

Hon. F. S. Miller: Yes, you would have—

Mr. Martel: I would follow John White's—do you remember John White's budget of 1974?

Hon. F. S. Miller: Yes; and you might wonder why we haven't got some of the exploration activity going on.

Mr. Martel: Is that why? John White frightened them off?

Hon. F. S. Miller: That's part of it.

Mr. Martel: I'm glad that John frightened them off. It seemed to me that he wasn't prepared to be bamboozled by the mining industry any more and, if they weren't prepared to do some exploration in Ontario, he was prepared to do it by the establishment of a crown corporation that would go out and do the exploration. Obviously you aren't prepared and the industry isn't—

[9:45]

Hon. F. S. Miller: I really don't believe in crown corporations if the industry is willing to do something. I would rather let free enterprise risk its money and make a profit.

Mr. Martel: Right; and when they have stopped totally? That's why I would like the 1977 figure, if you have it, because it has declined ever since 1973. One would like to know what they did in 1977.

Hon. F. S. Miller: I can't take much credit for 1977. I may be able to take credit in a year or two. One of the things I would say I have to do as Minister of Natural Resources is help the mining industry improve its image in this province, because if it doesn't improve its image with the people of Ontario, they will continue to have a reaction every time it tries to do something anywhere in the province, such as you saw on Lake Wanapitei.

Whether it's the image of the sulphur coming out of the stacks—and that's a problem—whether it's the image of pollution of streams; whether it's the image of many other things that are representative of the past—

Mr. J. Reed: Tailings.

Hon. F. S. Miller: Tailings, yes—they have in fact contributed to a very poor image, and I wouldn't say without cause.

I am only trying to say that we have changed a lot of things in terms of the mining industry in this province. We therefore have to have people understand that it is probably one of the most important, if not the most important basic industry in the province. It earns roughly 20 or 25 per cent of the dollars this province earns abroad. It is probably the most critical thing in maintaining our economy in Ontario at the present time, in my opinion.

You have seen the effect of a drop in that industry in your own community; you have blamed us for not maintaining it. At the same time, people are saying if we can't operate in an environment that wants us, then we will be able to find and develop minerals elsewhere. That to some degree explains exactly why you have had a drop in exploration activity.

Mr. Martel: But, Mr. Minister, you can't really—

Hon. F. S. Miller: Exploration activity has not dropped in other jurisdictions.

Mr. Martel: How generous do you think you have to be in order to entice them in? My understanding is that about half the mining companies did not pay tax last year.

Hon. F. S. Miller: More than half.

Mr. Martel: More than half. Then tell me what our return is?

Hon. F. S. Miller: Our return is employment in Sudbury when the mines are operating, which in turn—you tell me—spins off how many jobs per job in the mines?

Mr. Martel: Probably six to one.

Hon. F. S. Miller: Isn't that a return? Wouldn't you dearly love to have those people back to work in the mine?

Mr. Martel: Yes.

Hon. F. S. Miller: All right, that is a return. It's a reduction in unemployment insurance. It's a reduction in all kinds of government benefits. It's the creation of real wealth on which income tax is levied, on which sales tax is levied, on which mining tax is levied, on which corporation tax is levied. It is all of those things.

Mr. T. P. Reid: Then there are fees and licence permits and miscellaneous. All those things come under it.

Mr. Martel: All told, how much?

Hon. F. S. Miller: The facts that come into any budget are just the tip of the iceberg and are probably almost unimportant com-

pared to the worth of the industry in the province.

Mr. Martel: Mr. Minister, when we had Inco come before us in the select committee I must say they were much more generous with their information than your ministry has ever been when talking about the type of tax they pay. As we questioned Inco as to what they felt their responsibility was—and I go back to the point I made that over half the mining companies don't pay tax—even Inco and the mining industry itself, which continuously cries poormouth and talks about a possible 75 per cent tax level, the highest that Inco has ever come, I guess, is about 45 per cent. That was in 1974, the year they made the paltry amount of profit of \$299 million, after taxes. One can go back to 1971, of course, when on \$90 million they paid the magnificent sum of \$1.5 million in taxes. When I ask the question what is the price they want to extract from this province in order to get them to operate here, those types of figures indicated what we are talking about.

There was only a three-year period when Inco ever paid over 40 per cent tax, unlike industry which pays, I guess, 43 per cent. And Inco is the highest tax contributor to the coffers of Ontario and the federal authority in terms of mineral mining, anyway. Their maximum was 45 per cent in 1974, 42 per cent in 1975, and 43 per cent in 1976 and I think it was in the neighbourhood of 36 or 37 per cent in 1977.

Mr. T. P. Reid: Excuse me, are you talking about percentage or millions of dollars?

Mr. Martel: Percentage—that's the highest percentage, and they're the highest. You see, what I'm trying to drive at is—

Hon. F. S. Miller: You realize that the federal government gives them a 25 per cent resource allowance against their taxation, don't you?

Mr. Martel: Yes.

Hon. F. S. Miller: Okay, and I think that's one of the reasons—they pay corporate income tax plus mining tax, right?

Mr. Martel: Right. It's included.

Hon. F. S. Miller: Mining tax, as you know, is calculated solely on the value of the lifting of the ore to the surface, not on any other further processes.

Mr. Martel: All I'm saying, Mr. Minister, is that if you look at the provincial tax—the provincial income tax, the provincial mining tax and the federal tax, total—the highest Inco paid was in 1974 when they paid 45

per cent. In the last year, I believe, it's 34 or 37 per cent. That's all of the taxes combined. And what bothers me is that you listen to them and you listen to their ads constantly on television and they talk about this hypothetical, possible 75 per cent.

I want to know the price mining companies want to come to this country and what price they're prepared to pay in terms of tax in order to take a positive approach on how they exploit the resources in this province. I want to tell you, if over half of them aren't paying tax and they continually cry poormouth, and even the richest don't pay what the rest of industry pays, there's something wrong in the state of Denmark.

Hon. F. S. Miller: That's your privilege, and again we're on one of those points—this isn't the first time you and I have discussed one—where your party's attitudes and my party's attitudes are fundamentally different. You read the headlines in the Star today on the purported or alleged loss of a major industry from Ontario to the United States, correct?

Mr. Martel: Right.

Hon. F. S. Miller: Five thousand jobs, based upon tax grants.

Mr. Martel: Yes.

Hon. F. S. Miller: All right. We are competing in a world market today for nickel, you know that. Whether it's nickel, copper or anything else, we therefore have to make sure that the tax laws of this province are something like, in total burden, the tax laws of the alternative havens for these companies. Inco now is rated as a Canadian company, it's my understanding. It's what, 49 per cent Canadian-owned now?

Mr. Wildman: Forty-nine to 52 it varies

Hon. F. S. Miller: Yes, in that range. You may have forgotten that the dividends also are taxed and while some people on low income, like yourself, will get a dividend tax credit that perhaps equals the tax they pay on a dividend, other people, like me, pay quite a tax on the dividends. So, in fact—

Mr. T. P. Reid: Don't rub it in.

Mr. Martel: Some of us don't have—

Mr. Foulds: Some of us wouldn't mind being in that tax bracket.

Hon. F. S. Miller: I don't at all.

Mr. T. P. Reid: Could I ask a supplementary as my friend from Port Arthur did? I'm concerned about this and I have a certain feeling with my friend from Sudbury.

We all got sucked in by Mr. Carter and his tax study a few years ago, and with all

due respect mining is not like all the other industries. It's a very high risk business and there's a lot of money that goes into the ground without any return. We can talk about the profits in any given year, but you know, if we look at it in an historical perspective the profits aren't there.

Mr. Foulds: They have been running a charitable institution all these years.

Mr. T. P. Reid: We are now faced with a worldwide economy and we're competing in an international economy and the ball game has changed. You know, we have to face that.

Hon. F. S. Miller: We'll gladly have you in our party.

Mr. T. P. Reid: Liberal-Labour-Conservative?

Mr. Martel: No difference really, it's just that the horses are different, that's all. Like Zane Gray.

Mr. Wildman: On a point of clarification, I'd like to point out to the minister that the chairman and executives of Inco, when questioned on tax rates before the select committee, I believe by members of the Liberal Party on that committee, indicated that their tax rates in Canada were not out of line with anywhere else they operate, including Guatemala, Indonesia and anywhere else.

The point you were making is that they will leave and go somewhere else where they get better tax rates. The fact of the matter is that they don't pay lower taxes in most of the other jurisdictions in which they operate. The fact is that they are not leaving on the basis of taxation and if that's what you're trying to argue, then you're wrong.

Hon. F. S. Miller: I wasn't trying to. Your friend over there was making a lot of allegations—

Mr. Martel: No, what allegations did I make?

Hon. F. S. Miller: I would say to you that one of the major problems I hear consistently from the mining industry—not from Inco, but from the mining industry in Canada—is that it faces 11 sets of tax laws, one for each province plus the federal government; that each one is different, and significantly different; and, not only that, each one changes with some regularity—

Mr. T. P. Reid: That's one of their biggest problems.

Hon. F. S. Miller: Yes—making long-range decisions very difficult. A company—let's get off Inco for a second—like Texasgulf can make a decision in 1975, say, based upon the processing allowances, which another government could remove. The processing allow-

nces in turn were related to two things, I believe: the need for employment in the north and the progressive rate of taxation we have for mining tax in Ontario. It's the progressive rate that the companies tackle most frequently, and not the absolute dollar value. They have to look at times at the incremental return on investment at the maximum rate, not at the average rate. You're making a figure and saying, on average, 36 per cent is paid, when in fact one has to look at how many dollars one has to earn to keep a dollar or to get a dollar or two on one's investment at the maximum tax rates if profitability is increased to the level where they apply.

Mr. Martel: Do you know what Inco said? Let me quote what Inco said about the problem with tax in Ontario: "While we did say in our brief on page 50 where we referred . . . I will confess we did not in this particular paragraph spell out once again that our average effective income and mining rate could be 40, 41 or 45 per cent. What we did say in the brief was that, relative to the changes that have taken place over the last decade in the mining industry in Canada, we have been faced with great uncertainty, not only as a result of proposed changes but also as a result of actual changes."

Hon. F. S. Miller: That's what I was saying.

Mr. Martel: What Inco is saying to us—and you can't blame me for this one—is that you beggars—

Hon. F. S. Miller: What was that?

Mr. Martel: You beggars.

Hon. F. S. Miller: Oh.

Mr. Martel: —have been playing around with the tax system to such a degree, and bouncing it around here, there and everywhere, that many of the mining people have refused to invest money in Canada because of the fluctuation—

Hon. F. S. Miller: And do you know which province they choose most often when they talk about these problems?

Mr. Martel: I know which one they choose.

Hon. F. S. Miller: Yes.

Mr. Martel: But we're seeing to it that they don't have much problem left there.

Hon. F. S. Miller: Because there is no one mining.

Mr. Martel: There is no uranium mining here? No potash?

Hon. F. S. Miller: The reason they are mining in Saskatchewan is that we've found the richest—

Mr. Foulds: The richest uranium ore in Saskatchewan, Ontario Hydro's partner.

Hon. F. S. Miller: Yes, they found the richest uranium finds in Canada are in that province; therefore, they'll go there. I, for one, also have to deal with them; in fact, tomorrow I will be attending the annual meeting of the Ontario Mining Association, and I can assure you that—

Mr. T. P. Reid: I hope you're speaking after dinner, and not before.

Hon. F. S. Miller: Yes, I am. I'm hoping they have a massive bar in advance. In any case, we have to listen to their current requests, which are for reform. You know, it's great to say that they don't like change, but they want reform.

Mr. T. P. Reid: A good Liberal position.

Hon. F. S. Miller: I agree with them, and I have told them that I am prepared, and Mr. Gillespie of the federal government has told them he is also prepared—

Mr. Martel: To eliminate the double tax?

Hon. F. S. Miller: —to take the reform of provincial taxation in Ontario and attempt to get the provinces and the federal government together to bring whatever degree of uniformity we can achieve. The rates will not be the same, any more than they are for sales tax, personal income tax or anything else, from province to province. If we could even establish similar ground rules for allowances in arithmetic, I think we would make a major step forward to simplify the problems faced by potential investors who may be in different parts of Canada.

I'm anxious for that to happen, and I hope you are. I want to see a healthy mining industry. I would think that the symptom of the disease is mining tax. It's the easiest one for the chairmen of the board to get angry about, it's the easiest one for you to get angry about, and you're having totally opposing points of view. The fact remains that I don't think it is the most critical factor affecting investment in mining in Canada. I think the current major factor is the cost of environmental protection in the mining industry in Canada vis-à-vis other nations who are not demanding any protection.

[10:00]

Mr. Martel: That's right.

Hon. F. S. Miller: I'm not arguing that we are wrong; I'm arguing that the other people are wrong. Okay? The fact remains that there are tremendous advantages for companies mining in certain jurisdictions. You simply have to attend a good socialist state, as I did a couple of months ago, where I

would have thought such a problem could never have existed. After all, it was a socialist republic.

Mr. Martel: Were they democratic socialists?

Hon. F. S. Miller: No, not quite a democratic socialist republic.

Mr. Martel: There are differences, Frank. I could say I've been in a fascist state too. I might say I was in a fascist state once, but I wouldn't be making an analogy with Ontario.

Hon. F. S. Miller: In any case, if you go to Europe, whether it's in a socialist republic or some of the most capitalistic countries in Europe, the fact remains that a lot remains to be done for industrial pollution. There are a lot of such places in that area of the world.

Mr. Martel: Mr. Minister, what bothers me—and I didn't start with exploration and move to tax without some purpose.

Hon. F. S. Miller: I thought that maybe you had.

Mr. Martel: No. As I look over the jobs, they're not investing in Canada to the degree that they should in exploration. We have no options except maybe to continue to give the store away. I'm not prepared to give the store away so you have to have an option. I'd go John White's route and I'd establish a crown corporation. You'd see them invest their money then.

Secondly, the tax problem isn't severe—although they cry poormouth in all of their ads; all you have to do is look at the ads they run. And I'm sure you read the Northern Miner, they write nice things about you in there. But if you look at jobs, and you look at the amount of production and if you bring it all together—for example, in north-eastern Ontario, from 1966 when we had 22,789 people in the mines, we were producing about 35 million tons to 1974, it's 21,310 with a loss of six and a half per cent in mining jobs because they close down. Then you look at production, which has moved from 35 million tons to 45 million tons, almost 46 million. The gain is 11 million tons; the number of jobs is reduced by over six per cent.

If you look at northwestern Ontario the number of employees has also declined by six per cent. The amount of production has increased by 118 per cent.

You look at southern Ontario in the same 10-year period where you have an absolute job decline of 3.3 per cent, with an increased production of 11 per cent.

One starts to tie all this together: that they aren't investing; their profits are still there; they're not paying very much in tax, over half of them don't pay tax; there are fewer jobs in the last 10 years by a substantial amount; and there is greater and greater production. If we continue to go this route, play giveaway, and let stuff be shipped out of the country, which was the continuance of your latest giveaway program, what is there for Ontario?

Hon. F. S. Miller: First, I don't think you're giving us the straight goods.

Mr. Martel: I've got them right here from your statistics.

Hon. F. S. Miller: If one has increased production while reducing employment without investing money in the business I'd like to know how they did it.

Mr. Martel: Oh, I'm not saying that they didn't invest their money.

Hon. F. S. Miller: Yes, you did.

Mr. Martel: No, I did not.

Mr. Wildman: They invested their money in machinery which came from abroad.

Hon. F. S. Miller: It's invested capital, that's what we're talking about.

Mr. Wildman: But not in jobs.

Hon. F. S. Miller: Would you like to have General Motors making your Chevrolet or whatever you drive the way they made it 10 years ago?

Mr. Wildman: No, but I'd like them to be making some of that machinery they're using.

Hon. F. S. Miller: That's not the issue he's getting to right now.

Mr. Martel: I'm saying that the jobs are going down.

Hon. F. S. Miller: We're talking of mining jobs. Mining jobs only exist if the ore is brought to the surface where they can make a profit. Some mines are not making a profit. Canadian mining—you knew Inco and Falconbridge had embarked upon a major program of modernization of those mines, right?

Mr. Martel: Right.

Hon. F. S. Miller: Even if there hadn't been a cutback in world sales, jobs were to drop to something like—somebody said the 9,000 level at Inco, is that right?

Mr. Martel: With the advent of the stuff coming in from the Third World, yes.

Hon. F. S. Miller: Yes, and this was based upon a highly increasing rate of productivity.

I don't know whether it's a billion dollars that has been reinvested in the Sudbury basin by the mines over the last few years—

Mr. Martel: Yes.

Hon. F. S. Miller: That, to me, is reinvestment. What are you arguing about then?

Mr. Martel: I'm arguing that there are fewer jobs now than then.

Hon. F. S. Miller: Right, all right. But here's more production.

Mr. Martel: All right. What you have happening though, when you perpetuate—

Hon. F. S. Miller: How many farmers are here today compared to what we had 25 years ago and how much milk is being produced? And how much meat is being produced?

Mr. Martel: What's your cornerstone then? You're talking about the mining industry being such a cornerstone of our economy. But the jobs continue to decline, if the investment, in terms of trying to find new mines, continues to decline, what does this hold for the youth of Ontario?

Hon. F. S. Miller: My friend, unless we keep on increasing the productivity of all parts of our industry in this province, you will have none. The reason you are losing parts production to the United States of America is that their net cost is lower than ours. We've had a better productivity gain in the last while—

Mr. Martel: Uh oh, you just put your foot in it in mining, my friend.

Hon. F. S. Miller: —but they've had better productivity gains in the last while than us.

Mr. Martel: In the mining industry, the Canadian miner—according to Inco, according to Falconbridge—produces more cheap—

Hon. F. S. Miller: I was talking about industry.

Mr. Wildman: Even in industry, on productivity—

Hon. F. S. Miller: I was talking about auto parts a second ago.

Mr. Martel: Ah sure, and why you don't talk about—well I won't say it. But I can tell you about other production. According to Inco, the cost of production is cheaper in Ontario than it is in Guatemala and Indonesia.

Hon. F. S. Miller: Right, no argument, because we have a highly automated—a highly skilled labour force.

Mr. Martel: And we just lost how many jobs to—

Hon. F. S. Miller: They're going to come back and—

Mr. Martel: What?

Hon. F. S. Miller: —within limits, the mining industry in this province will improve again.

Mr. Martel: If you think Inco's going to increase—

Hon. F. S. Miller: Japan currently is buying nickel and copper—you're aware of that—as a hedge against their dollars.

Mr. Martel: Sure, matte. With a 12 per cent—

Hon. F. S. Miller: No, I'm talking about the metals now as a hedge. Are you aware of that?

Mr. Martel: Why do you think Inco went to Indonesia?

Hon. F. S. Miller: Why did they go to Indonesia? Because somebody was going to go to Indonesia and they had a chance to.

Mr. Martel: Right, and Inco will supply the Japanese market from Indonesia.

Hon. F. S. Miller: Look, my friend, would you like Inco supplying them or would you like the USSR, or would you like a Japanese-American conglomerate, or Le Nickel from France, which was another bidder on the same project?

Mr. Laughren: The consequences don't do us any good in Ontario if they're supplying it from Indonesia. Why should I care who supplies it?

Hon. F. S. Miller: That's fair enough, then why bring this issue up if you don't care? I do care about a Canadian company having control over a foreign corporation just as you care about American ones having control over Canadian ones.

Mr. Laughren: What good does it do us though?

Hon. F. S. Miller: I believe it does.

Mr. Martel: How?

Hon. F. S. Miller: I believe the benefits from the profits do flow to us. If you argue they flow to other people, they must flow back to us.

Mr. Martel: Frank, if the amount of investment is going down, in terms of new capital coming in for new mines, if there are no new mines coming on stream, if there are fewer jobs in Ontario now than there were, and if the production increases substantially as it has, how can you indicate that that's a healthy sort of situation for the residents of Ontario? It hasn't got a damned thing to do with who's going to supply Japan. I'm interested

in maintaining and creating jobs in Ontario. I want to know what price the mining industry wants to extract from us before it's prepared to invest in Canada and in Ontario.

Hon. F. S. Miller: The fact is, compare the absolute hourly rate for our Canadian workers with those in Guatemala—

Mr. Martel: It's still cheaper to produce it in Ontario—

Hon. F. S. Miller: Why?

Mr. Martel: Why? Because of oil.

Hon. F. S. Miller: All right, but the worker gets the difference here.

Interjections.

Mr. Martel: You've got 345,000 people unemployed in Ontario alone.

Mr. Chairman: We're straying off the subject. We're under mineral management here and—

Mr. Martel: That's what we're talking about, mineral management.

Mr. Chairman: I think this went through the Inco committee before, and what we're doing is rehashing the same conversation and argument that we had there.

Mr. Martel: In the budget, Mr. Chairman, the government of Ontario reaffirmed its position to allow the mining industry to continue to send its resources semiprocessed, semirefined, if you want to call it that, to Clydach and to Norway. In questioning the minister in the House, based on his paper, by the way, that I didn't write—let me read item 2 for you so that you'll understand what I'm talking about: "The nickel policy proposals encourage, through special Ontario income and mining tax adjustments, the adaptation and the use of currently idle nickel refining capacity in Ontario and Alberta to refine part or all of the significant proportion of Ontario's mine output of nickel which still goes to Wales and Norway in semi-refined form for refining. So as to create jobs in Canada, it is understood that the present Alberta refining process does not recover precious metals."

Isn't it intriguing that that report recommends that we should use the idle capacity? When I raised this question with the minister in the House, how, based on that recommendation, the government continued to encourage the shipment of semirefined nickel to Clydach and to Norway, the minister said it was that particular proposal which was the basis for that decision. If the minister wants, I brought Hansard along with me just so as to quote to him.

The minister says: "In the midterm break, this report received a fair amount of press.

There were one or two conclusions apparently reached from it; one was that the Treasury had not accepted the advice of my minister as shown in that report. I think that was misunderstanding. The very authors of the report and myself advocated to the Treasury (Mr. McKeough) the kinds of policies I adopted in the budget."

You tell me how in God's name we can have jobs for young people by that sort of policy which continues to encourage the shipment of semiprocessed metals to Norway and to Wales.

Hon. F. S. Miller: I'm going to ask Mr. Jewett to talk to this. But I would tell you also that there were two different points. There was one of encouraging investment in Canada which we would still like to do. There was also the question of absolute taxation under the existing rules. They're slightly different things and Mr. Jewett I think is quite able to explain them better than I can.

Mr. Jewett: Mr. Martel, Mr. Chairman, we are faced with certain realities in the world market today which I don't think we can realistically ignore. One reality is that there is a very significant overcapacity in the world in nickel producing and refining capacity.

Secondly, a reality which I myself became startlingly aware of when I visited the property last year was that Clydach can now take material from anywhere in the world not only sulphides, they can take lateritic ores. Given the fact that at that facility there is also a government very concerned with jobs, very concerned with—although I couldn't identify it—providing very significant incentives for the continued employment and operation of that facility.

I think we have to realize that if we were to in some way, shape or form right now order the cessation of shipments to Clydach, all that would result from that would be that the feed to Clydach would come from one of the other world sources. We can't identify the mine-related jobs precisely but somewhere in the order of seven to 10 jobs are involved in producing the matte that goes to Clydach for every one job that is available in the refining stage beyond that.

That looked to us like a very bad tradeoff. Substantially the same argument applies to the Norwegian facility; where they have an added advantage of power cost which is very significant. Given that view we say after looking at the situation, it doesn't make sense to run a risk of losing 10 jobs at this time with the overcapacity in the world, in the hope that we will gain one or two extra in the refining stage.

[10:15]

We go on from that, however, to say that given all of that there has to be opportunities, given this idle capacity in Canada, to use that in some way if we keep our eyes open and our wits at work. I think what we are suggesting in the paper is that we look for ways of meeting special markets with those facilities and encourage any modifications to the plant. For instance, we have been doing some looking at the Alberta plant since that paper was written. The fact that it doesn't recover precious metals is probably going to be prohibitive. Beyond that, we are now aware that that plant is being considered as a refining facility for uranium nickel-containing ores coming from Saskatchewan for which it would, apparently, be more suitable.

That leaves us with Port Colborne. The electrolytic facility there was out of date. There were health hazards with it in any event. Beyond that, the facility was producing a form of nickel from which the market is turning away, as we point out in the paper. That doesn't say there aren't assets and nowhow, and that ways can't be found to develop another product that the world would buy if it were there. I think we should encourage Inco and the people in Port Colborne to look for that alternative.

Elsewhere in the report we suggest that possibly the way to do this is to suggest that this facility could be used as a custom facility for ores outside of Canada, just as the facilities are being used in Clydach and Norway.

Mr. Martel: Could the refinery at Inco not handle more?

Mr. Jewett: It could handle the material from Falconbridge but at an extra capital investment of about \$30 million, we're told at this point in time. That seems to be a lot of money to spend. It would seem to be the equivalent of further plant investment at a time in which there's already overcapacity.

Mr. Martel: Falconbridge is never worried about spending money. They blew more money than Lipton's has tea in the last three or four years. They started Becancour, spent \$5 million and walked out. They started Lockerby mine and walked out. They built a plant for \$60 million or \$70 million and it bombed. They've spent money like a drunken sailor to the detriment of the people of Ontario.

Mr. Jewett: The fact that remains today is that they haven't got it to spend.

Mr. Martel: No, that's right. But we continue to give them concessions.

Mr. T. P. Reid: That's part of the system.

Hon. F. S. Miller: It's easy to look back.

Mr. Martel: We argued against it in 1975. Don't tell me it's easy to look back.

Hon. F. S. Miller: It's also a company's right to make decisions of that nature.

Mr. Martel: But we subsidized them. We financed it.

Hon. F. S. Miller: You financed them in the sense that they don't pay tax on the earnings.

Mr. Martel: No, we also finance by allowing them to continue to write off as they ship abroad. We warned you then—

Hon. F. S. Miller: The fact remains that they took some gambles that didn't pay off. I would suspect the people most disappointed with those mistakes are sitting on the board of Falconbridge, not in this room.

Mr. T. P. Reid: To say nothing of the stockholders.

Mr. Wildman: And the employees are out of work.

Hon. F. S. Miller: There was an engineering problem with one of those plants. Is that not right?

Mr. Martel: Yes.

Hon. F. S. Miller: I believe there's a suit going on, if I'm not wrong.

Mr. Martel: No, it was settled out of court.

Hon. F. S. Miller: It is settled now?

Mr. Martel: My understanding is that it was settled out of court.

Hon. F. S. Miller: Every time somebody gets into the business of designing a new process, there is a risk inherent in changing it from the pilot plant to the operating level. As an engineer, I can assure you that it doesn't always work.

Mr. Martel: Let me read part of the answer you gave me the day I asked this question when we dealt with Falconbridge. You said: "One of the processing plants—I think it's the one out west—doesn't have the ability to extract precious metals. The other one may or may not have; I'm not certain. But the fact is that it's not geared up to handle Falconbridge ore, as I am told. In fact, I was told, and I believe the committee was told, that the current investment requirement would be \$30 million."

We warned in 1975 that to give Falconbridge the types of concessions you gave them, which saw them improve their operations in Norway, led to one conclusion: they never had any intention to process in Ontario. None. They've had that operation and they got their patent rights 45 years ago when they bought out a firm that went bankrupt, I

guess, in Norway. They couldn't come to Canada for a few years because that was part, I think, of the patent. But in the intervening 45 years, during the very lucrative years from 1953 on, they never made any attempt to relocate their operation here. They have never had any intention of operating out of the Sudbury basin.

Hon. F. S. Miller: Mr. Jewett is going to give you some information on that. I was once reading a book on a lot of this stuff and your name was mentioned in it. It is the Latin American Working Group's book on Falconbridge. Who are the Latin American Working Group? Were you a member of that?

Mr. Martel: No.

Hon. F. S. Miller: But they were giving you fair credit.

Mr. Martel: They were giving me some credit for trying to improve the working conditions for the miners—

Hon. F. S. Miller: That wasn't the way I read it. Who are they? I don't know; that's why I am asking the question.

Mr. Martel: They are people from various Latin American countries resident here in Toronto.

Hon. F. S. Miller: Are they members of a political party? They aren't? I saw them on television just this week; that is what kind of stimulated my interest.

Mr. Wildman: They work in the Third World.

Mr. Martel: They're from the Third World.

Hon. F. S. Miller: Are they people from the Third World?

Mr. Martel: They are trying to make sure that their countries are not exploited by the mining industry.

Hon. F. S. Miller: You wanted to answer that question on Norway, Mr. Jewett?

Mr. Jewett: Mr. Chairman, I can't speak for the past prior to 1972, but in recent years we have followed very closely what Falconbridge is doing in Norway. In the last three years staff have visited that plant twice. We are satisfied that the very large bulk of what they are doing there was forced on them because of very real health hazards. They had a process there which was producing cancer in a very distressing way. It was brought to their attention and they had to shut down the plant in very much the same way as they did with the sintering plants in Sudbury; they had to put in a completely different process.

The staff reports we have got back indicate that some additional capacity was installed in the change of the process, but one could not argue that it wasn't a completely logical unit that was put in there. So we had to accept that the plant improvement in Norway was forced on the company, as much as anything else, by the need to remove a health hazard.

Mr. Martel: I understand that and I appreciate that, Mr. Jewett, but my concern is that in doing so, what we perpetuated is that this company in its 45-year history has never looked seriously at coming to Canada to refine the ores which it extracts from the ground here. It seems to me that, somewhere along the line, we in Canada have to wake up. We cannot go along the route that we are going. If one looks at Japan—and the minister mentioned Japan—they have no duty on raw materials going into Japan, because it is to their advantage to have jobs for their people. So they start to impose duties progressively at the rate of that ore being processed. Of course, what they attempted to do through Inco a number of years ago was to get Inco to supply almost totally unprocessed nickel, because it was to their advantage to create work for their people.

What I am simply trying to engage the minister in a dialogue here tonight is that despite all of our prattling about resources being the cornerstone of our economy and the cornerstone upon which we built this great society, we are losing the war. When you look at the amount of reinvestment, when you look at the number of jobs being cut back, when you see production being ever increased by capital investment—but that doesn't provide a lot of jobs—if you continue the policy of allowing it to leave this country the way we do, that is just maintaining a colonial type of economy where we have to be the losers.

It should be evident to Canadians today that we have been the losers by this policy of selling off resources quickly, whether it be in the mineral industry or the pulp and paper industry.

Mr. T. P. Reid: But you see, we made our mistake years ago.

Mr. Martel: We can't live with it forever. We've got to change it.

Mr. T. P. Reid: But, Elie, now we are faced with the competition from Third World countries which subsidize those minerals for export into these countries. Where we made our mistake was with the Conservative government in the last 35 years when they should have required the refinery.

Now we are competing with South America, Africa—

Mr. Wildman: C. D. Howe and the federal Liberals too.

Mr. Martel: I would say a pox on both our houses, because the policy was encouraged by the Liberal administration in Ottawa for years.

Mr. T. P. Reid: I won't argue with that.

Hon. F. S. Miller: As a matter of fact I believe the only criticism from your leader during the debate was that we didn't allow that material to be exported to Japan when in 1972 they asked for a section 113 exemption on the sulphide matte.

Mr. Martel: We'd have closed Port Colborne sooner, that's all.

Hon. F. S. Miller: I am not convinced that is so.

Mr. Martel: I am.

Hon. F. S. Miller: I think perhaps we may have lost a fundamental entry into a market that we could have maintained had we not at that point been quite so quick to refuse section 113 exemption. Section 113 gives us a great deal of flexibility and a great deal of power to adjust to market conditions. We are very anxious to see as much of this stuff processed here as we can, but in a world market situation where we are not the dominant supplier—

Mr. Martel: We are.

Hon. F. S. Miller: We are not. We sell 35 per cent of the world's nickel at the present time.

Mr. Martel: That makes us three times bigger than anybody else.

Hon. F. S. Miller: At the present moment. It happens that we are half as big as Cuba in terms of potential reserves.

Mr. Martel: At this time Inco produces three times more than any other company.

Hon. F. S. Miller: Which would make me think some of our policies were right.

Mr. Martel: Where are the jobs? Where is the reinvestment in the type—in fact, look at the nickel policy proposals. If you look at proposal six it says we must "Intensify diversification of the Sudbury manufacturing base by encouraging the importation of Inco subsidiaries' technical and nickel manufacturing expertise acquired through recent diversification, not now employed in Canada, for the

purpose of creating new industry and employment in Sudbury."

Hon. F. S. Miller: Right.

Mr. Martel: You see, when we had the whole market, 95 per cent of it I think you Tories were in power then. You didn't do a damned thing—

Hon. F. S. Miller: I think the Liberals were in power at that time.

Mr. Martel: Well, you didn't do anything, which forced those companies to start to do things in Canada, and that's right across the mineral spectrum. Today we can do like my Liberal friend says, "We have to live with it. We've got people from other countries who are going to compete." Sure they are going to compete. But when we've got a company that is producing three times more than its nearest rival, we either have to make demands which are going to lead to jobs in Canada or we will forever be in this type of economy which sees us bringing up the rear.

Hon. F. S. Miller: I think if you made your demands on the market today you'd soon find you had no jobs in Sudbury.

Mr. Martel: If what?

Hon. F. S. Miller: If you make the demands you are suggesting in today's market you might discover you had no jobs in the Sudbury basin.

Mr. Martel: I might find that Inco might move out, but I might not find that I wouldn't have any jobs.

Mr. Wildman: Even Inco said they weren't going to move out. They said they had such a heavy investment in Sudbury they never had any intention of moving out.

Mr. Martel: Well, Mr. Chairman, I'll adjourn the debate.

Mr. Chairman: Thank you very much, gentlemen. It's 10:30, we shall adjourn until next Tuesday night at 8 p.m. sharp and continue with vote 2404, item 1.

Hon. F. S. Miller: I was just wondering if they wanted to split this vote and the forestry vote, or whether they just want to use seven hours, as you see fit, on—

Mr. Martel: We want to divide it.

Mr. Foulds: Why don't we split it?

Hon. F. S. Miller: I would be glad to. We'll agree to that, okay?

The committee adjourned at 10:30 p.m.

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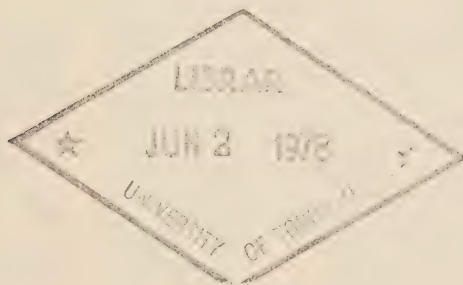
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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee

Estimates, Ministry of Natural Resources



Second Session, 31st Parliament

Wednesday, May 10, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, MAY 10, 1978

The committee met at 10:10 a.m.

ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

Mr. Chairman: I would remind the members of the committee we have five hours and 20 minutes left to cover the balance of the estimates, and as of yesterday afternoon it was agreed by the House leaders that the Ministry of Natural Resources estimates be left over until Bill 48 under the Ministry of Agriculture and Food was passed and then we would revert to Natural Resources when that bill was completed.

Mr. Gaunt: Next October.

Hon. F. S. Miller: Mr. Chairman, you were suggesting yesterday that there was a possibility this committee, had the House given permission, would sit in extra time today, and that time was not granted.

Mr. Chairman: On the consent of the members.

Hon. F. S. Miller: Yes. Could the same approach be made next Wednesday? Could it be possible to ask the permission of the House to give us leave to sit an extra two and a half hours a week from today, and specifically that that aside as the final time for the estimates of this ministry?

Mr. Chairman: We will only have about two and a half hours after today.

Hon. F. S. Miller: That is what I meant, and on that basis then we would have these pared off and we would be through.

Mr. Foulds: I have a personal difficulty here, Mr. Minister. I have a commitment all day in Thunder Bay next Wednesday.

Hon. F. S. Miller: That is very good.

Mr. Foulds: I really would like to be here for the last two and a half hours on forestry. However, I share your anxiety that we don't have them hanging indefinitely. Could we possibly try to make that arrangement for Wednesday, May 24?

Mr. Gaunt: Why don't we sit an extra two and a half hours today?

Mr. Chairman: I understand there is another committee coming in, Mr. Gaunt.

Mr. Gaunt: Yes, our committee is coming in, but we would be prepared to delay that.

Mr. Chairman: Why don't we wait and see what happens after tomorrow night? Bill 48 will be discussed here in committee with the Minister of Agriculture and Food (Hon. W. Newman). Let's see what happens to that bill and then we can plan the balance of the time that is left on these estimates in the following week, and we will notify all the members accordingly. Is that satisfactory? It is all we can do, because as you say, Murray, we may be into next October on Bill 48; that is, if you decide to speak on it.

Mr. Gaunt: It could be lengthy.

Mr. Chairman: All right, so we will go ahead.

On vote 2404, resource products program; item 1, mineral management:

Mr. Gaunt: I just want to take a minute, and it is a cleanup matter that I want to deal with and it refers to the flood-plain mapping. The minister mentioned that the Huron county council had sent in a recommendation. I checked with some members of the county council and they indicated they didn't know anything about it.

When I pursued the matter further, I find that it was the planning committee of Huron county council that dealt with the matter, and when I pursued it even further I find that they didn't even know what was meant by "regional storm." I wanted to convey that to the minister.

Hon. F. S. Miller: I will make no comment.

Mr. Gaunt: I can appreciate that you wouldn't, but I wanted to put that on the record because I did pursue it over the weekend. I was rather startled when I found that they had made that recommendation to the minister.

Hon. F. S. Miller: I think it is very important for those of us who are elected to realize that if we are going to complain about bureaucratic decisions then we must take the time as elected officials to look into those bureaucratic decisions.

Mr. Gaunt: I couldn't agree more.

The other matter, Mr. Chairman, has to do with the granting of a quit claim deed, quit

claim letters patent by the crown. It was a matter I reviewed with the minister in relation to a Mr. Ben McCue of Kincardine— [10:15]

Hon. F. S. Miller: That's Darcy's brother?

Mr. Gaunt: No, this is M-c-C-U-E—

Hon. F. S. Miller: Those guys never could spell.

Mr. Foulds: Boy, are you going to get letters.

Hon. F. S. Miller: My middle name, sir, is Stuart.

Mr. Gaunt: Mr. McCue in 1958 bought a property known as lot 74 on the east side of Princess Street in the town of Kincardine and it had been left to a George McGaw by his father, John McGaw, in 1932. So, I believe in 1975, Mr. McCue applied for a quit claim letters patent under section 20 of the Public Lands Act. In support of the application, there were declarations from four people born between 1905 and 1909 who had lived all their lives near the lot in question and who knew one or both of Mr. McCue's predecessors in title.

In addition, Mr. McCue has been paying taxes on the lot for some little while and he applied for a quit claim letters patent and was refused. I suggest to the minister that under section 20 of the Public Lands Act Mr. McCue actually complied with the intent of that act. I know the lawyers are sometimes more interested in conveying and supporting their own view in defence of a particular position, but I suggest to the minister that in this instance the spirit of the law under section 20 was adhered to and Mr. McCue should be given the quit claim letters patent by the crown. I would appreciate it if the minister could review that matter again.

Hon. F. S. Miller: I will review it. These are usually, as far as I know, approved or rejected on legal merits alone and I suspect that I have little, if any, discretion.

Mr. Gaunt: I think you do under section 20.

Hon. F. S. Miller: I want to say, in case you disagree with me, I believe ministers should have discretion in most statutes. I believe in this day and age there are always examples, like the one you cited, where the merits of the case are very real but the law on some technical point may prevent a decision from being reached in favour of the person making the application.

If I were in the opposition I think I would be inclined to say ministers shouldn't have discretion because that means they aren't bound by the wishes of the Legislature. But as an operating minister, I'll tell you that if

we abuse those powers of discretion in a statute, we soon hear from you anyway. Whether I'm the minister or you are, I think you should support—as you'll find, I'm standing to slip in amendments to my statute clauses which give the minister discretion.

Mr. Gaunt: Yes.

Hon. F. S. Miller: —under certain circumstances to make decisions that overrule part of the statute.

Mr. Gaunt: I'm in favour of minister discretion in this instance.

Mr. Foulds: In favour of the one you cited but not what he cites—that's the typical notion of Liberalism.

Mr. Gaunt: I appreciate your indulgence, Mr. Chairman, in this respect. It's really out of order, but I wanted to pursue those technical matters. Thank you very much.

Mr. Chairman: I'm glad you realize that you were out of order on this—

Mr. Gaunt: Yes I was, but I couldn't help for the last meeting. I didn't want to take long—I don't want to be out of order for very long.

Mr. Laughren: I hope you noticed the generosity of the New Democrats on the committee too, Mr. Gaunt.

Mr. Gaunt: Yes, I do appreciate that, Mr. Chairman.

Mr. Chairman: I must remind you that the New Democrats have taken up the most time of any of the three parties here.

Mr. Laughren: Thank you, Mr. Chairman. I appreciate that comment.

Mr. Chairman: Go ahead, Mr. Laughren.

Mr. Laughren: I was not here when the mineral estimates debate began so if there is some repetition, I hope that you will—

Mr. Chairman: I hope you will keep your remarks short because Mr. Martel spent an hour and 15 minutes on it in the last vote.

Mr. Foulds: He spent most of that on La Wapapitei.

Mr. Chairman: I should remind the members of the committee, too, that the tally here is that the NDP have had eight hours and 13 minutes out of the 16 hours and 40 minutes.

Mr. Laughren: That's fair.

Mr. Chairman: The Liberals have had five hours and 37 minutes and the PCs three hours and 50 minutes, so—

Mr. Laughren: The PCs are taking too much time—

Mr. Foulds: No, John Lane was very good for those three hours.

Mr. Laughren: Mr. Chairman, I wonder if I could ask the minister if he has the latest figures which will indicate the amount of mining taxes that will accrue to the province this year.

Hon. F. S. Miller: Yes, the latest figure I saw was \$20 million, plus or minus \$1 million.

Mr. Laughren: My figure was \$19 million and I think we were in agreement there. Do you remember what it was about five years ago?

Hon. F. S. Miller: Yes, plus or minus \$5 million, \$160 million.

Mr. Laughren: Yes, that's right. Through the encouragement of development, through processing allowances and exemptions, we have managed to drive down the return to the province to \$19 million.

Hon. F. S. Miller: Not at all.

Mr. Laughren: Well, let me tell you something—

Hon. F. S. Miller: The rules didn't change in that period of time.

Mr. Laughren: I know what you are going to tell me; world markets and all that sort of thing.

Hon. F. S. Miller: Yes, profits.

Mr. Laughren: The fact remains that the return to the province on a \$2 billion output here will be about \$2 billion output in mineral value this year—we are going to get \$9 million out of \$2 billion. That says something about mineral management in the province of Ontario. It's not sufficient for you to say, "Well, the profits are down." That's only reinforcing my argument that the mineral resources of the province of Ontario are not being properly managed. It's the responsibility of the Ministry of Natural Resources, at least in part, to do that and you have indicated any really serious responsibility in that whole field to the private sector. Some day you are going to have to explain to me why, when a company can take a quarter of a million dollars earned entirely in Canada and invest it in an existing corporation in the United States, that adds to the wealth of this jurisdiction and how it justifies your management policy on minerals on Ontario. I suppose your people will give you an answer which satisfies you.

Hon. F. S. Miller: I am satisfied. I hope some day I can give an answer that will satisfy you. I think that's more to the point.

Mr. J. A. Taylor: You'll never be able to do that.

Hon. F. S. Miller: The fact remains that the socialist experiments in the world have

all been failures and I can't understand for the life of me why those of you who adhere, and you are intellectual thinking people, aren't willing to admit that the basic premises are what's wrong in your approach.

Mr. Mackenzie: Yours are all successes?

Ms. Bryden: Is Saskatchewan a failure?

Hon. F. S. Miller: Look at Sweden. Ours have been a lot more successful than the socialist experiments, I would say. Sweden is a good example of a state that everyone a few years ago was saying had made this beautiful compromise between capitalism and socialism.

Mr. Laughren: Do you think you could refrain from clichés for the morning?

Hon. F. S. Miller: I will if you will.

Mr. Laughren: I'll be glad to. What I am trying to get from you—

Hon. F. S. Miller: I did go through all this before.

Mr. Laughren: That's fine—

Hon. F. S. Miller: Well, why take up the time of the committee with it again?

Mr. Laughren: I think any minister who sees a return of \$19 million on \$2 billion has something to answer for.

Hon. F. S. Miller: What I'm trying to say—Mr. Martel raised these very points and if you read the record you will see I answered them last night. I would think, Mr. Chairman, I shouldn't have to do it twice.

Mr. Laughren: Well, let me talk—

Mr. Chairman: This is something that I would judge relates to the Ministry of Revenue or Treasury, Economics and Intergovernmental Affairs. As far as taxation goes—I mean, you are talking of two different things here. We are talking about mineral management.

Mr. Laughren: We are talking of management of the mineral resources of Ontario. Could we get on with it, Mr. Chairman?

Mr. Chairman: Go ahead, but stay within the guidelines.

Mr. Laughren: In January and February this year the select committee on the layoffs sat for most of those two months and made some specific recommendations. I wonder if the minister is prepared to tell us what he and his people have done with those recommendations. Which ones are they looking at seriously? Which ones can he indicate to us he's prepared to move on?

I will be specific. One of the recommendations was that the province of Ontario seriously consider the advisability and possibility

of locating the Ministry of Natural Resources in northern Ontario. Perhaps you could indicate what your intentions are.

Hon. F. S. Miller: First of all, the Ministry of Natural Resources is probably the poorest ministry of all to choose to say it should be decentralized. It is decentralized. The great percentage of people working for this ministry work in the north.

Mr. Laughren: That's not what the recommendation says.

Hon. F. S. Miller: Okay. Secondly, I don't know how many people I have in Toronto. I believe that total number is less than 1,000, out of a maximum peak load of employees that touches 16,000 at times. That's not a permanent staff; the permanent staff is somewhere around 4,000. There are as many as 12,000 casuals in the ministry in the course of the summer, because so many of the operations are short-term.

Mr. Wildman: Management Board voted not to hire them this year.

Hon. F. S. Miller: Not that kind of casual, though, thank goodness. The ministry's intent is to keep moving the sections—not necessarily to Sudbury, but to parts of the province where they are best suited. Your city happened to be the only one that can show a net increase because of those decisions this year. You know that, don't you? You know that I chose to amalgamate the regional offices in Sudbury, right?

Mr. Laughren: Yes, I know that.

Hon. F. S. Miller: I hope you would agree that that was a good move.

Mr. Laughren: Not only that. But can you imagine what 1,000 new jobs would do in the city of Sudbury having just gone through 4,000 layoffs?

Hon. F. S. Miller: Or the city of Kirkland Lake?

Mr. Laughren: You need a bigger centre than that.

Hon. F. S. Miller: Kirkland Lake is a city that has dropped in population by that amount.

Mr. Laughren: Fine. Do you want to put the head office in Kirkland Lake? Fine. That's better than Toronto.

Hon. F. S. Miller: All I was trying to say is that I agree with the principle that we need as many people from my ministry in the north as we can have. I think we are consciously moving in that direction. The restraints that were made two weeks ago, following the reduction in the OHIP premiums, will cause me to lose a number of staff, as yet unknown.

Mr. Riddell: You harp on that, harp on that and harp on that.

Hon. F. S. Miller: What would you do Mr. Riddell?

Mr. Laughren: Could you boil it down, Minister, and give us a yes or no? Do you have any intentions of locating the head office of Natural Resources in northern Ontario?

Hon. F. S. Miller: I don't think I'd give categorical "no" at this time. I am certainly willing to keep considering it. Is that far enough?

Mr. Laughren: As long as your consideration doesn't go on for ever.

Hon. F. S. Miller: I am trying to answer honestly, rather than in a way that would make you stop asking questions on this.

Mr. Laughren: What really bothers me is what you are doing in the smaller communities of northern Ontario. There is a little town, I won't dwell on it unduly, but there is a town called Foleyet near Timmins—

Hon. F. S. Miller: I am quite aware of it.

Mr. Laughren:—where you have a Natural Resources complex. You are shutting it down and moving the people to Chapleau.

Hon. F. S. Miller: It is a fire station, isn't it?

Mr. Laughren: It was more than a fire station. It was a Natural Resources—

Hon. F. S. Miller: There are two of them in the north that are shutting down, but I want to point out one thing—

Mr. Laughren: More than two.

Hon. F. S. Miller:—that you were talking about in your letter the other day. You mentioned two.

Mr. Laughren: Sultan and Foleyet.

Hon. F. S. Miller: It happens that there is one in my riding. In other words, they weren't chosen simply on the basis that I chose your riding—

Mr. Laughren: No, no, I never said that.

Hon. F. S. Miller: I know you didn't. But there is always an indication or a thought that somehow tough decisions are taken in other people's ridings. I had exactly the same kind of location in Dorset, Ontario, and that had to be centralized for two reasons. Let me say that representing the people of Dorset I am keenly aware that they feel like the people in Foleyet or the people in Sultan. They enjoyed the services offered by the facility. They enjoyed the employment offered by the facility. We end up hiring almost a lot of many people. But since fire control is one of the most common jobs put out to the region—

offices for fire crews, we have found that with our modern techniques of transporting men and equipment we can fight fires better from central locations than we could from these dispersed locations.

Mr. Laughren: I have never doubted that you could rationalize the decision in that way. I met with your people from northeastern Ontario on that matter in January. I said to them at the time, the reasons they could put forth, in terms of measuring the efficiency of the move, could be justified. But what you cannot justify—and how you make this trade-off I don't know—is what it does to the small community you are leaving. It's not like you're pulling out of Toronto or Sudbury or the north. That's a major part of the heart of those small communities. It indicates a lack of faith in the viability of those small communities. That's the problem.

[10:30]

Hon. F. S. Miller: Very often what closes those facilities is a building, but jobs carry over from the very people in that community with administrative work not being done at the centre. I think one should look at the actual change in employment. I did in the case of my own riding. I looked to see where the men were coming from each day who worked there. For example, were they local? Were they dropping local employment in the casual basis? We weren't really.

Mr. Laughren: I know, but what happens is that over a period of time you have reduced the level of employment to the point now where it is only one or two jobs from a substantial number of jobs a few years ago.

Hon. F. S. Miller: I would be delighted if the Minister of Natural Resources not to be faced with operating staff cutbacks.

Mr. Laughren: You are not cutting back here; that's the problem. If it was a case of a cutback in jobs, you could say: "I have no control. It's those dirty Liberals who are doing it to us again." That is not the case.

Interjections.

Mr. Chairman: Mr. Laughren, I think you're totally out of order here. We are discussing the mineral management program.

Mr. Hennessy: Throw him out.

Mr. Chairman: Actually, you should have been discussing this under ministry administration program.

Mr. Laughren: Could I get on to the next point?

Mr. Chairman: We will give you another 30 seconds to wind up, thank you.

Mr. Laughren: I hope I have made the point.

Hon. F. S. Miller: That wasn't a point. That was a wide frontal attack.

Mr. Foulds: It was an assault.

Mr. Laughren: I hope the point has been made that what you are doing to those very small communities is out of proportion to the gain you are getting in efficiency in the centralizing process. What is bothering me is not the jobs, but what you are doing to those small communities.

Let me move on to the next recommendation of the select committee. It was: "The committee urges the senior levels of government, Inco and Falconbridge to ascertain if such assumptions as to research facilities are, in fact, still valid today or whether those assumptions should be modified or changed with a view to locating such facilities in the Sudbury area." Has the minister thought about that?

Hon. F. S. Miller: Yes.

Mr. Laughren: Have you had meetings with Inco and Falconbridge to determine whether or not they would consider doing that, in view of the fact that that is where the mineral comes from?

Hon. F. S. Miller: I have a great deal of sympathy for that recommendation, and it is one that I have asked my committee on the north to look at. During the sittings of these estimates, that committee really hasn't functioned for a while. All the time I have had available in the last four weeks has virtually been used here as well as running the ministry. It is one of those issues that we still are willing to look at. As a matter of fact, I would go further and say that if I had my way I would like to see research, even at the university level, for the two basic resource industries in my ministry, the forests and the mines, centred upon institutes of learning in the north, the logical places being Sudbury and Thunder Bay.

Mr. Laughren: Right.

Hon. F. S. Miller: I am talking from the university's point of view. You can't really have universities where they don't exist.

Mr. Pope: You can try.

Hon. F. S. Miller: The university at Thunder Bay is geared towards forestry. The one in your city probably is involved in the mining aspects. I am not so familiar with its courses. Large arguments could be made—and good arguments—for reinforcing that through colleges and universities while we work on the companies in this other area. I think we are trying to work within the spirit of that recommendation.

Mr. Laughren: That is a little different to the research facilities of the companies being located in those areas.

Hon. F. S. Miller: I am just enlarging it to say both. Don't forget company research facilities often are related to institutional or academic research because of the ease of getting to specialized equipment or the interchange between the academic community and the industrial researchers.

Mr. Laughren: That was the point that the Inco people made as well. If they are allowed to keep saying that, then they will not develop in the north.

Hon. F. S. Miller: That is one of the reasons for working on the institutional side of it.

Mr. Laughren: Exactly. I hope you do.

Mr. Martel: Will there be a nickel institute?

Hon. F. S. Miller: I hope so. We will come to that in a minute, I'm sure.

Mr. Martel: It's in the Mohide report.

Mr. Laughren: That ties in with the whole idea of a nickel institute and it would tie in beautifully with the research facilities of the companies, if they were there, and, for example, in mining with Laurentian University in Sudbury. There is a very nice series of connections there.

Hon. F. S. Miller: I don't think we've found any objection to the concept of a nickel institute from anybody with whom we have discussed it so far. But you have got to understand that's very few people; the tin institute, for instance, was only two people. We don't want to build the perception in people's minds that creating a nickel institute would bring hundreds of people to the community. It would be a source of information that would help solve some of the other problems we talked about earlier.

Mr. Laughren: But it would be part of a package, too, of having Sudbury as the centre of nickel research and marketing as well as the centre of extraction. I think that would be a nice thing.

One recommendation of the committee was that the Ontario government and the federal government consider the possibility of facilitating the marketing of nickel throughout the free world. That would tie in with the nickel institute, of course.

Hon. F. S. Miller: I am not sure. You've made an assumption that I am not sure is accurate. To facilitate the marketing and having the nickel institute may not be correlated activities.

Mr. Laughren: Fair enough.

Hon. F. S. Miller: —I have real reservations about our ability to "facilitate marketing of nickel." I think you will find the companies have highly specialized and highly trained merchandising people. They are working harder at selling Canadian nickel today than they have ever done. I suppose in competition with the alternative sources we are not convinced that the proper role of government is to interfere with the marketing process.

Mr. Laughren: When the committee made that recommendation—and I was a member of the committee, so I remember quite clearly—we were not thinking in the way that the Mohide report recommendation when it talks about marketing and processing. But it was rather neat the way the two tied together.

Recommendation 7 in the select committee report was that the government of Canada should not encourage offshore development which is not in the long term in the best interests of Canadian workers. I guess the dispute there is, what's in the best long-term interests of the Canadian workers? We have enormous difficulty seeing how your offshore processing and tax write-off exemptions benefit the Canadian workers. I know your arguments, Mr. Minister—

Hon. F. S. Miller: They are genuine arguments; whether they are accurate, only time will tell—

Mr. Laughren: Historically, it hasn't proved to be correct.

Hon. F. S. Miller: Historically, I think it has proven to be more suited to realism than the alternatives that have been proposed to date. I simply say to you that a country like Canada, if other countries applied the same thinking, could also lose. The aluminum industry is a good example of Canada being cut off at the receiving end of semiprocessed ores and having, therefore, a benefit from its reserve of energy.

Mr. Laughren: But Jamaica is moving on that; it has already moved on that.

Hon. F. S. Miller: But Jamaica has no energy source at all.

Mr. Laughren: They are already moving on that.

Mr. Foulds: They have lots of sun.

Hon. F. S. Miller: I'll tell you at 2.2 kilowatts per pound of aluminum, it's going to take a lot of sun.

Mr. Laughren: The point is that for 4 years Falconbridge has been doing the same thing. Are you telling me that during those 4 years we would not have been better off to have had the refinery here?

Hon. F. S. Miller: Not necessarily.

Mr. Laughren: Of course not.

Hon. F. S. Miller: I am not trying to protect the 45 years of time. I am looking at section 13 of the act—

Mr. Laughren: It's your record.

Hon. F. S. Miller: I think one can look at the record with some measure of satisfaction.

Mr. Laughren: You're kidding.

Hon. F. S. Miller: What I don't like about the record is that no one in the world—and it has been tried by all kinds of groups and philosophies—has yet managed to take the industrial nature out of the metal industries. There have been some pretty real attempts by both old-time robber barons, if you want to call them that in your phraseology—

Mr. Laughren: I wouldn't; it's yours. Let the record show it's the minister's language.

Hon. F. S. Miller: I was quoting things that I recalled from my distant past.

Mr. Laughren: Never mind trying to backpedal; just carry on.

Hon. F. S. Miller: Sure, there were attempts in the days when free enterprise was totally unrestricted by government to do just those things, and I am told they failed; that was a day and age when large companies could easily get together and enter into deals. You've seen our federal government attempt to enter into a uranium cartel which was an attempt to do some of the things you're talking about and justifiably, perhaps; I'm not criticizing when I say that. The word "cartel" is a ring to it that makes us suspect something is wrong, but cartel—

Mr. Laughren: That's why I used the word "marketing."

Hon. F. S. Miller: Cartels by another name, are doing what you're trying to suggest and that is prevent a free market in a commodity. The free market in a commodity has traditionally caused an up and down swing in prices and demands, but perhaps more violent than that which many other kinds of industries have.

Mr. Laughren: But we're being out-shuffled in places like Japan, you see; that's the problem.

Hon. F. S. Miller: I think the Japanese have out-shuffled most of the world in many ways in the last few years and I would argue that your city and its 2001 Conference started to recognize that. And on a great day, I thought; I'm sure you agree that it was a very fine day, in terms of the thought processes.

Mr. Laughren: I'm glad you raised that.

Hon. F. S. Miller: You started to recognize that we as Canadians need to take more aggressive stances in a whole lot of areas, I think, rather than falling back to the role we have chosen to live with in the last few years and that is to assume the state can provide for us. I think this is fundamental and I think it's good to see a city saying we can change things if we tackle them. Well, the country can too and it means we've got to be as aggressive as the Japanese. I think they had the great advantage, as did the Germans after the war, of having a destroyed economy and a destroyed industrial base—

Mr. Laughren: You're working on it.

Hon. F. S. Miller: —and therefore a real—
With your assistance, we've gone a long way down the road.

Mr. Laughren: No, we've never formed a government. What are you talking about?

Hon. F. S. Miller: Had you not been as persuasive in convincing the masses that you were right, we would be in healthier shape than we are today.

Mr. Mackenzie: I can't understand our being blamed for your follies.

Mr. Laughren: I've heard of copouts before, but that's a classic.

Mr. Foulds: I've also heard of partisan comments, but that's a classic.

An hon. member: You're a revolutionary.

Hon. F. S. Miller: In my own way.

Mr. Wildman: We'll rise like a phoenix.

Hon. F. S. Miller: I thought that was an insurance company.

Mr. Laughren: You raised the 2001 Conference in Sudbury which flowed from the bankrupt policies of this ministry. I'm glad the minister raised the 2001 Conference. As a matter of fact, the minister was there, if I recall.

Hon. F. S. Miller: I was. That's why I was commenting so favourably before.

Mr. Laughren: We were not in the same group.

Hon. F. S. Miller: I thought the success was entirely due to me.

Mr. Laughren: There are some lines not even worth pursuing.

Mr. Martel: That's one of them.

Mr. Laughren: At that conference there was a tremendous reservoir of goodwill from the different sectors of the community—

Hon. F. S. Miller: Right.

Mr. Laughren: —and it went all through the day and it continued at night when the Premier (Mr. Davis) dropped \$600,000 into the community. It is the first time since Confederation the city of Sudbury has shown a profit. There was a sense that things were happening—

Hon. F. S. Miller: Can I rephrase that? It was one of the few times there was a prophet in Sudbury; I'm spelling mine with a "ph".

Mr. Gaunt: Mr. Chairman, we're going from bad to worse.

Mr. Chairman: Let's get on with mineral management here. Mr. Laughren, I ask you to stay within the guidelines of mineral management. We've got a lot more to cover here before we're through, so, please—

Mr. Foulds: From the egomania of the minister to prophets—

Mr. Chairman: —contain your remarks within vote 2404, item 1.

Mr. Laughren: It's not me.

Mr. Foulds: Mr. Chairman, if I may, it's the member for Nickel Belt who is trying to pursue the vote; the minister is continually derailing.

Mr. Chairman: Just let's leave that blank. Let's just stay within the vote.

Mr. Laughren: I'm not trying to be petty but the minister really isn't taking the whole thing about Sudbury very seriously, because with 4,000 layoffs and another 4,000 attached to it in the related industries and so forth, that's a very serious blow. It's fine for the minister to say that a community which depends on minerals for its prosperity, such as Sudbury, can pull itself up by the bootstraps, can somehow create 8,000 jobs or more—if you take into consideration the growth in the work force, which would be a normal growth in the work force—but in fact, it's highly unlikely that that can be done because of the size of the market and so forth, and the minister really knows that.

The only point I want to make is that there was a reservoir of goodwill at that 2001 conference, but I will tell you something, if things don't flow from that in terms of policy changes by the two senior levels of government you will see a new level of cynicism in northern Ontario, particularly in the Sudbury area, and you will have to bear a major part of the responsibility for that level of cynicism. You cannot look at that conference and say, "Well, so-and-so torpedoed it," because nobody torpedoed that conference. Everybody was in support of it. Everybody was there in good faith and assuming that the

other parts involved were acting in good faith and speaking in good faith as well.

I will tell you, if your government just looks upon that as some way to avoid dealing with the serious problem in the one-industry communities like Sudbury you are sadly mistaken and it's going to come back to haunt you. You can't do it without substantial policy changes in this ministry and in other ministries, because what's happening is serious. It's going to happen in other communities as well, because there is no diversification there.

I would like to see the whole thing diversified too. I would like to see the cottage industry, what we know as the cottage industry of local small industries and so forth, but I am a little too realistic to think that that can happen to replace the jobs being lost in the resource industry. The capital intensity of that industry is such that jobs are being phased out anyway.

Hon. F. S. Miller: I don't disagree with you. I would say to you that if you accept your logic, though, one should not increase productivity in any industry—

Mr. Laughren: No, not at all.

Hon. F. S. Miller: Okay, you accept that. That's fine. We won't argue the rhetoric of productivity, because I think that's a fundamental part of us staying a healthy—

Mr. Laughren: I agree.

Hon. F. S. Miller: —source of nickel in the world. Now, being totally serious rather than facetious, first of all, I agree with you that that was a conference at which I saw no partisan attempts to stand up or to preach on a given day or to take advantage of a situation for political measures. I felt that was a day the whole city came together, dropped its differences of opinion of politics or whatever it may be, points of view, and said, "We have a problem that we need jointly to tackle."

Whoever chose the group which organized the conference, whoever planned that group did a fantastic job. My staff can tell you I came back on the Monday after that meeting and told them that apart from the stimulating effect it had on the community, we as a ministry should look at the techniques used in that conference, because I thought they were outstanding. The conference leader had was well trained, the program was well thought through and the group was led by a predetermined path to a set of conclusions.

Mr. Laughren: It was tight.

Hon. F. S. Miller: Yes, and that set of conclusions, as I saw it, really started to say to

ourselves, "Okay, there are things we can do. Let's be realistic. Let's not get carried away and say we are going to solve all the problems but we can do certain things. What are they?" And they tried to name them. Which ones can we achieve within the next 12 months?—and they tried to name them—and how will we do it?" Right? That was the system that was used in the discussions, and it did anything it would tend to puncture the belief that only governments or only business or only any sector could solve the problem. It had to be a joint approach.

I, for one, being a member of government, it's fair for unions to yell at me, it's fair for management to yell at me. I am the only one they have in common most days of the week. In other words, it's been popular for both groups to put the blame for problems on governments, right? Not my government only, I am talking government in general. I have free enterprisers come in and tell me they need a subsidy to keep going and shake my head and the next day I have a union group come in and, quite logically, say that they can see is wrong with the economy.

What it did, though, is say to the community that a good deal of what happens will be up to us and we will have to stimulate ourselves in certain directions to provide this pool of capital that would be available for these small cottage industries—I think up to 25 employees was the desired target I heard in my group; a whole series of relatively small companies—and to look at ways and means of becoming realistic in our expectations. That was one of the basic messages that came through in that conference I thought, and I think polls have shown this in the last while, that the Canadian, above all other nationalities, has had expectations that exceeded reality for some time.

That conference seemed to focus on reality and to set a course of action that if followed would have every reason to think it will be followed—by the community, with the co-operation of governments, can produce positive results; the provision immediately of all the jobs that are out there; but a change in direction. That's all I could hope for. Whether it's that community in Attikokan where I was a week ago yesterday, the same kind of problem comes forward.

Mr. Laughren: I guess what bothers me is that—

An hon. member: You wasted too much time on the last vote.

Mr. Laughren: —the argument you use or the points you try to make—and you touched

on it very briefly before when I asked about the amount of mining tax revenues that accrue to the province. You said, "Well, it's because profits are down." The highest level of profits we have had to my knowledge was in the late 1960s or early 1970s.

Hon. F. S. Miller: In 1974, I think.

Mr. Laughren: Yes, I am not just talking about one company. I am talking about the profits in the mining industry and the private sector. During that time there was the greatest outflow in capital in this country. That was the time when those profits should have led to high investment, to a development of the manufacturing sector in this province and it simply didn't happen. When the profits increased, the outflow of capital increased, and we did not end up with a diversified economy or a good manufacturing base in the province. That again is the trouble with the branch plant system and, Mr. Minister, you can't say, "Well, if only we had increased profits, the problem by and large would be resolved."

Hon. F. S. Miller: It's not just that. I quite agree, but on the other hand you must admit that if you go back into the Canadian economic history our branch plants, if you want to call them that, or our basic industries like the forest products industry and the mining industry, were created with foreign capital and there was a net inflow of foreign capital.

Whether I like it or not, foreign capital is both highly mobile and highly nervous. It can be nervous in the province of Quebec and it is right now.

Mr. Laughren: No. You know, where your argument doesn't hold water is that during those years—

Hon. F. S. Miller: I am not arguing. I am just making a statement.

Mr. Laughren: Well, your statement doesn't hold water, because, for example, use the year 1974. That was the year that Inco made \$300 million. Now we know that there was investment in the Sudbury area. We know that. We also know an enormous amount of money went elsewhere and it's that outflow of capital which has caused us not to develop a good manufacturing base.

Hon. F. S. Miller: But what I was trying to say is the capital is mobile and nervous. If it can it will flow from a country like, say, Argentina or Cuba, when Cuba was being taken over, if it can get out. And, of course, often one of the procedures of a takeover is to prevent, very quickly, the capital from getting out. People who are

used to playing a world market with capital have long ago learned the symptoms and have usually been, whether they're Swiss bankers or whether they are negotiating on behalf of, say, Arab oil interests, one of the largest sources of investment capital today, pretty good at sensing where the best return on capital can be obtained.

I would argue that to keep capital in this country, one therefore has to have a set of conditions that gives it the return it wants.

Mr. Laughren: But you had that, that's the point. You had that in the late 1960s and early 1970s and it didn't work. That's the whole point.

Hon. F. S. Miller: I disagree with you. Capital flowed in here. We also were making enough money at times to invest in similar industries elsewhere. It's funny to me that we have this kind of mixed-up thing. We don't want anybody else to invest in this country, but at the same time we don't want us to invest elsewhere.

Mr. Laughren: Don't set up straw men and then knock them down. The point I am trying to make, and I am really serious about it, is that because we have no controls on capital when you have high profits, the traditional view is that those profits will be channelled into savings and into investment and that investment builds your economy hopefully in a way that creates jobs, useful jobs, and new wealth that allows us to pay for social services and so forth. You understand that, I think. But what happens, and what has happened here, is that when you had the high profits it didn't occur. It didn't occur sufficiently to allow us to develop. We're in serious trouble.

Hon. F. S. Miller: Look at the investment in Inco, which is the company you are talking about.

Mr. Laughren: I have looked at it.

Hon. F. S. Miller: Firstly, look at the investment in the community in the past few years relative to the profits of the company. You probably have the figures, I don't. One of my staff, I am sure, will probably give them to me. You will find there's been a pretty healthy investment in the community. Secondly, the inventory currently is worth between two and three years' profit at the maximum levels, isn't it? The last time I saw it, they had 200,000 to 300,000 tons—in that range. At one point, upwards of \$1 billion was tied up in inventory. That's capital, whether I like it or not. But it's capital in a form that isn't doing us much good at the present time. It has got to be sold, become

liquid, and returned to either operations to reinvestment somewhere else.

A company is not the sole arbiter of where the earnings should go, in my opinion. A company has a responsibility to pay dividends to the stockholders—49 per cent of whom are Canadian I am told—so that they, in turn, can decide what they do with the money. In other words, should it even be Inco? Should it be in Canada? Should it be in local mortgages? If you get a dividend, you have that option, assuming you don't need it for immediate living purposes.

Those are the kinds of decisions properly made outside the company. Yet the last while, Canadians as a group have been looking elsewhere, haven't they? They have been buying in the States.

Mr. Martel: They have been forced to.

Hon. F. S. Miller: Why have they been forced to? That is why I tried to start the lecture.

Mr. Martel: The select committee, when it did its studies, had all of the people before over a period of three and a half years. They had people like Conway, MacIntosh from the bank, and so on. The problem was that many of the Canadian dollars were forced to be invested abroad, because investors could not even buy into the American companies that were Canadian-based.

Mr. Laughren: They were privately held by the parent.

Mr. Martel: You couldn't get into the blue-chip stuff that most people would like to invest in and you had to invest abroad.

Hon. F. S. Miller: Let me make a comparison that may or may not be a good analogy. Most of our mines in the north were created by little people, by prospectors and promoters. Would you agree?

Mr. Laughren: They were the discoverers.

Hon. F. S. Miller: But the start of the process was that. Then they go to the junior mine market. They usually go through two or three reorganizations of ownership. Each time the indications get a little better, there is more willingness for people to take the gamble and invest capital.

Mr. Laughren: It's not happening lately.

Hon. F. S. Miller: I don't disagree with you at all. I'm working on that, too, and I hope I'll have your help when the time comes.

Mr. Laughren: You've never asked me for help, in all the years we've known each other.

Hon. F. S. Miller: Well, I'm asking, just for once, for a return to sanity.

Mr. J. A. Taylor: Let the record show he volunteered it.

Hon. F. S. Miller: In any case, what I am trying to say is that while many large organizations, not all, eventually become the owners of many mines—Denison would be a good example of where it wasn't really a large corporation that bought it, but an individual who had become large through his risks—

Mr. Foulds: Especially after the last contract.

Hon. F. S. Miller: —the fact is that the usual route is for a small person to prove his capability. Even if they wish to sell out for a profit, to sell to a larger organization in the interest of capital, expertise or a few other considerations—marketing, whatever it may be—we need in the Canadian industrial sector the equivalent of the prospector and developer. We need the guy willing to start the little industry, the 20-person industry. It is from that source that we are going to get our bigger Canadian industries. That's what we're really talking about in the Sudbury area, isn't it? I quite agree we need, as government, to stimulate that growth if we can.

[11:00]

Mr. Martel: Venture capital.

Hon. F. S. Miller: That's the step you are taking in your community. You are trying to set a venture capital fund, I understand, for your community, for projects. But the essential ingredient still will be somebody who comes along and says, "If you will lend me half a million dollars I will hire 20 people, or 10 or five, and I will start casting these wheels that you are putting on the mine equipment"—or whatever it is that they can make.

Mr. Laughren: I had a man come to me last within the last 10 days. He has some aims that he thinks are very worth while pursuing. He went to Inco, he went to Falconbridge, and he went to Denison in Elliot Lake, and said to them, "These are the examples I have done, what do you think of them?" They said, "They look promising." He said, "Well, would you provide funding for me to go ahead, because diamond drilling and so forth is very expensive." They all said, "No. You do it, and then we'll talk to you." He just doesn't have the capital—we're talking about a fairly big expenditure.

Hon. F. S. Miller: Again, we'll go back to the statement I made—

Mr. Laughren: There's just nothing available for him.

Hon. F. S. Miller: They wouldn't have been the people—well, sometimes the big companies buy up these things early in the game. I guess Mr. Jewett could go into the processes much better than I can. I used to be at the other end. I used to be the guy that bought the penny stock—he or she is an important link in that chain, too.

What I would argue, and you won't like this argument I don't think—

Mr. Laughren: Don't prejudge.

Hon. F. S. Miller: Maybe I should be optimistic. My argument is that after Windfall, when the OSC tightened up on the rules for the financing of junior mines, we have succeeded completely in eliminating the problem; but we also killed the patient.

Mr. Laughren: You can carry on with your prejudging.

Hon. F. S. Miller: What I am saying is that the idea that there should not be risk allowed in what is essentially a risk-taking endeavour is a contradiction in terms. Until we allow some skulduggery to occur, simply because you can't legislate it out, you will not have successful financing for the guy you are talking about to a level of production. You have got to go through a series of metamorphoses—

Mr. Laughren: But you had no choice.

Hon. F. S. Miller: Do you agree with me there?

Mr. Laughren: You had no choice in tightening up the—

Hon. F. S. Miller: I don't know. I wasn't here at the time.

An hon. member: Are you in favour of some skulduggery?

Hon. F. S. Miller: I have great respect for the human being's ability to be a skulduggerer.

Mr. Laughren: Some are more knowledgeable about those things than others.

I guess what is bothering me is that we don't seem to have a policy at any level. We don't seem to have a policy that encourages that—and that could have been done, by the way, through an exploration and development crown corporation, which was recommended by the select committee on economic and cultural nationalism, I believe. That could have been done; and it hasn't been done. So you can't talk one minute about how nice it would be to have that, when you have had all these years to do it after it was recommended to you by a very influential select committee, of all three parties—

Hon. F. S. Miller: Every so often you fellows brainwash us.

Mr. Laughren: You use that argument, and then when you step up to the big companies, we witness what happens there as well. I looked at a chart of Inco's investments here and abroad over the last 10 or 15 years. It's the classical chart. One is going up and the other's going down. Guess which one is going up—their investments abroad. Their investments here are going down.

Hon. F. S. Miller: As a percentage or in absolute dollars?

Mr. Laughren: In absolute dollars. They are increasingly spending more money abroad than they are here. They have it all here—it all flows from here—up to this point in time, at least. I guess it goes back to the old 2001 Conference where there was a sense that people wanted to work, people wanted to turn it around; but at the same time, I am warning you that it can't be done without changes in government policy.

You should think carefully about the recommendations in the select committee report, particularly the dissenting recommendations by the New Democrats on the committee. You should also think carefully about Dr. Mohide's report.

Hon. F. S. Miller: With Dr. Mohide's report—or the staff report with Dr. Mohide heading it, I guess—there is very little contradiction. Some people have jumped on a couple of the recommendations saying they contradicted existing taxation policy.

Mr. Laughren: They do.

Hon. F. S. Miller: Strangely enough, as I pointed out in the House one day and you read it back to me the other night, I don't see the contradiction—nor do they.

Mr. Laughren: None are so blind as those who will not see.

Hon. F. S. Miller: It is sometimes difficult to understand.

Mr. Martel: Yes, I know, if I was living in the area I would have difficulty understanding.

Hon. F. S. Miller: Okay.

Mr. Laughren: It really was offensive to us as members of that select committee to have spent half a day talking to Dr. Mohide. I was very impressed with his ability and his knowledge of the industry. He was with Mr. Jewett that day, wasn't he? There the two of them sat, talking to us about the nickel industry. We were turning ourselves inside out trying to get information from different sources. We had a high-priced lawyer and consultants and everything trying to get information on the industry and world markets and so forth.

There the two of them sat up there, and I presume Mr. Jewett knew about the Mohide report and had read it as well, because by this time it was February when they were there. To think that while we were going through this, at considerable effort—and most of the members of that committee worked extremely hard. That's the hardest-working select committee I have ever sat on, I don't mind telling you—members of all three parties worked very hard on that report and there was really a lot of effort went into it. No one knows that better than the members for Algoma-Manitoulin (Mr. Lane) — he worked extremely hard on that committee.

But to have put ourselves through that and then to become aware that this—and I'll restrain myself—fine report from Dr. Mohide was there all the time, is really infuriating. I want to tell you something, that was fundamentally wrong on the part of your ministry to do that to us as a committee. You have never apologized for it and I think you should.

Hon. F. S. Miller: I did, I answered you in the House.

Mr. Laughren: You never apologized. You were defensive about it.

Hon. F. S. Miller: I pointed out that the committee did have that report and it is recorded in the minutes that you did.

Mr. Martel: We didn't have this report.

Mr. Laughren: That is not—

Hon. F. S. Miller: That is in your minutes.

Mr. Martel: Did we ever have this report?

Mr. Laughren: We never had this report and that is a lot of nonsense.

Mr. Martel: Come on, John, did we have this report?

Hon. F. S. Miller: Whether you saw it or not you had access to it.

Mr. Laughren: You can't backfill that way.

Hon. F. S. Miller: It is in your minutes. Do you want to look back in your minutes and see them?

Mr. Chairman: Let's have a little order here.

Mr. Laughren: Don't tell me what is in the minutes; we attended the—

Mr. Martel: Geddes Webster mentioned it.

Hon. F. S. Miller: I'll be glad to refer to the fact that in the minutes it is noted.

Mr. Laughren: Mr. Minister, don't hand me that nonsense, because you said publicly at the time when this came out that the reason the committee didn't have it was be-

cause it was at the printers. So make up your mind.

Hon. F. S. Miller: That's the reason it wasn't in bound form. There was no bound form until after you were through.

Mr. Laughren: How come none of us ever saw it then?

Hon. F. S. Miller: I am only telling you that it is mentioned—

Mr. Laughren: One of your colleagues chaired the committee.

Hon. F. S. Miller: When you put a question forward one day—I don't think I was there the day you put it forward, I was away somewhere else—and therefore I had the opportunity to make sure in advance—and I believe I answered your question later on. But if we have to get the transcript of the discussions of your committee, and they were kept I believe—

Mr. Laughren: We have that.

Hon. F. S. Miller: —you will find reference to this report and the fact that the committee—

Mr. Martel: Webster made it—he might have known. The committee members didn't know.

Hon. F. S. Miller: I am only trying to tell you this ministry and this minister did not prevent that information from being available.

Mr. Laughren: Are you telling me it is coincidental that Dr. Mohide and Mr. Jewett sat there at the end of this table—I think in this very room—and didn't mention the report; that they had all that data; that they had forwarded it to the committee? I don't believe that. I simply don't believe that.

Hon. F. S. Miller: Did they answer your questions that day well?

Mr. Martel: Very well. We were impressed.

Mr. Laughren: Yes, and very well. We were very impressed.

Mr. Martel: We understood why later on.

Mr. Laughren: Dr. Mohide's knowledge was—

Hon. F. S. Miller: I was told they were the best witnesses you had—

Mr. Laughren: That is not the point. The point is—and there is no other way of putting it—that this report was held back from the committee.

Hon. F. S. Miller: My friend, it was not held back by this minister or this ministry.

Mr. Laughren: It was.

Mr. Martel: Oh come on, Frank.

Hon. F. S. Miller: I would like you to check with the officials of your committee, if you would like to do that.

Mr. Laughren: Then perhaps Mr. Handleman has something to answer to.

Mr. Martel: There are two members of the Conservative caucus who were on that committee. Did you know that report—

Hon. F. S. Miller: I am only telling you to check your committee officials some time, because I know you had it.

Mr. Martel: You ask your two colleagues if they knew that report existed.

Hon. F. S. Miller: I am only trying to tell you what I did as a minister.

Mr. Laughren: Somebody played games with us then.

Hon. F. S. Miller: I wasn't on your committee—I am just telling you this ministry did not withhold that information.

Mr. Martel: They didn't withhold it; we just didn't know it was there. We aren't accusing you—come on, Frank.

Hon. F. S. Miller: That is what you have been saying.

Mr. Laughren: Why wouldn't Dr. Mohide and Mr. Jewett mention the report the day they were before us?

Hon. F. S. Miller: My friend, again, I don't know what questions you asked them that day.

Mr. Laughren: We were fishing for all sorts of information from them, and it is very strange indeed that they wouldn't mention, "Well, all those questions and answers are all in the fine report we have just brought out." There was no reference to it at all. I am sorry, I can't believe you. I don't believe that there was not a deliberate attempt to keep this from the committee. I don't know why, except for the fact that it was going to contradict some of the statements in the budget.

Hon. F. S. Miller: I simply state it was not by this minister or this ministry.

Mr. Martel: Oh yes. Sorry, Frank.

Mr. Foulds: But you didn't volunteer it.

Hon. F. S. Miller: It's on file. It was filed with your committee.

Mr. Martel: No, it was not.

Hon. F. S. Miller: I don't know. I am told it was filed with your committee.

Mr. Martel: John, did you—

Mr. Lane: Mr. Chairman, I don't think the report was filed with the committee, but I think some reference was made to it the

day that two people were before us from the ministry. I am pretty sure Dr. Mohide made some reference to the report he was making or had made.

Hon. F. S. Miller: Mr. Jewett may wish to answer that. I was not at your committee. I am repeating what I have been told. I saw a copy of the transcript which alluded to this fact, and I was satisfied that the references in that transcript were accurate, acknowledging that this committee had been given the information—I don't mean as individuals; we don't hand them to you. We hand them to your committee people. I don't know whether they got it or not.

Anyway, let's not deal with that any more at this point, because this ministry did make the information available.

Mr. Martel: No, that's not so.

Mr. Laughren: Not to us, you didn't.

Mr. Chairman: All through, Mr. Laughren?

Mr. Laughren: You may have made it available to a friend of yours, but you did not make it available to the committee. It's as simple as that.

Hon. F. S. Miller: How do I make it available to a committee under normal circumstances?

Mr. Martel: When they appeared before the committee, why didn't they bring copies and present them to the committee?

Mr. Jewett: Could I speak to this? Mr. Chairman, I just got my notes on this. I believe the minutes of your committee for January 18 indicate that Mr. Geddes Webster mentioned that a report was being prepared and would be received by the committee.

Mr. Laughren: What date was that?

Mr. Jewett: When Dr. Mohide and I went to testify before your committee, first of all we weren't briefed, you might say, that we were going to be there—

Hon. F. S. Miller: You were called very hurriedly there.

Mr. Jewett: We were called very hurriedly and, as I recall, with about two hours' notice. We expected to be questioned about the report. We weren't.

Mr. Martel: We were never told about the bloody report.

Mr. Laughren: We didn't know it existed.

Mr. Jewett: We were aware at that time that it was mentioned in the transcripts of your meetings, so I suppose we didn't feel we had to bring that to your attention. We thought you were already aware of it and that's why we were there. We answered whatever questions we were asked.

Hon. F. S. Miller: I think it's unfair to jump on my staff. You can jump on me all you want.

Mr. Laughren: That's what I am doing. I am not blaming Mr. Jewett.

Hon. F. S. Miller: I am only saying that a staff member is in a very difficult position to decide what things to volunteer before a committee if she or he is not asked those questions. The fact that this ministry had made the information available was known to them and, therefore, we had not tried to hide that information.

Mr. Laughren: Let me remind you that the history of this ministry is not an honourable one in revealing information. If I was the minister of this particular ministry, I would be doubly cautious and I would ensure that things were made more open. Put yourself in the committee's position—

Hon. F. S. Miller: Again, each minister has his own approach to the dissemination of information.

Mr. Laughren: That's right.

Hon. F. S. Miller: I think you will find, whether it was in Health or here, that only the kind of information which can hurt, not my party but individuals—for example, next Tuesday, all being well, I will be releasing a condensation of a study on the pulp and paper industry. In that, the terms of reference for the background material prevented us from even giving certain kinds of information to competing companies. That was the basis upon which we got the information, because it deals with costs and the kinds of things that are very private for a given company versus its competitors.

I have not even seen some of that material, because I really don't want to know. But it was essential for the study in terms of reaching general conclusions; in other words, it was essential for comparisons for us to come up with conclusions and the kind of things we want to say. How do we help the pulp and paper industry? What are its problems? Is it in good shape or is it in bad shape? You will find, though, that my whole attitude towards releasing information is that far more damage occurs through people suspecting that you are not releasing information—

Mr. Laughren: That's why we didn't understand—

Hon. F. S. Miller: —than by making it available and taking your lumps if it says something that puts you in hot water politically. I would rather take them early than get them extracted through some devious route

and have to defend myself. I think you will find that's been my record.

Mr. Laughren: But we almost didn't get the pulp and paper condensation before the estimates were over.

[1:15]

Ion. F. S. Miller: That's been in the works for a year and a half. It's done by private consultants and as of yesterday we didn't have it in a form to distribute. My deputy and I were looking at final copies yesterday, and the earliest date I could possibly be ready to discuss it would be next week. Even then, there is some question as to whether we can make it for May 16; it may be May 23 or 25 before we'll be ready. Is that the report?

Mr. Laughren: No.

Ion. F. S. Miller: It looks like it. It has the same green cover. I was going to say that you may have had an advance copy.

Mr. Foulds: No, that's mining.

Ion. F. S. Miller: That's a good example.

Mr. Laughren: That's a good example of something else, too. It's a good example of your ministry making recommendations and then never saying anything to the industry.

Ion. F. S. Miller: You're wrong there. The industry got that within a week of my becoming minister, as I recall—

Mr. Laughren: You put it in the mail to them.

Ion. F. S. Miller: —if, in fact, they didn't hire it before I became minister, and they recommended us on the frank statements there, some of which blame government for problems. Condensing all of the comments on the particular report that flowed between February and May of last year from industry, it was how refreshing it is to see an unemotional, relatively accurate, in their opinion, report of the state of the metals industry.

Mr. Laughren: You don't think they would do it to us, do you?

Ion. F. S. Miller: I'm just trying to tell you that was, I think, issued the day I gave the prospectors and developers speech.

Mr. Laughren: But didn't they tell us that they never been—

Ion. F. S. Miller: Heavens, I can go back and show you Northern Miner articles on it. I can show you all kinds of information on that, so there's just absolutely no truth to that. I want to tell you, we were far more accurate than they were.

Mr. Laughren: Yes, that's right.

Ion. F. S. Miller: Yes, sure we were. Our staff are not happy that they were far more

accurate than the mining industry, but they were.

Mr. Laughren: Surprising.

Hon. F. S. Miller: They have a certain satisfaction in knowing that their work was correct.

Mr. Foulds: That says something about your trust in the mining industry.

Mr. Laughren: Could I just wrap up then?

Mr. Chairman: Yes, you'll be an hour or two. I know you quite well.

Mr. Laughren: I haven't been talking for an hour, Mr. Chairman.

Mr. Chairman: Yes you have. Almost.

Mr. Laughren: What I was doing was interjecting for most of that time.

Hon. F. S. Miller: Nice to change the role.

Mr. Laughren: What's bothering us a great deal about the whole resources area is that when we look at the figures in productivity we see enormous increases in productivity over the last 10 to 15 years, both in the pulp and paper industry and in the mining industry. We see an enormous increase in output over the last 10 or 15 years, whether you're measuring it in pulp and paper terms or in mining terms and that we see a very steady line—and it's actually an absolute drop—in the number of employees.

I have no quarrel with capitalization in the resource industry. We simply must do it. The weakness, of course, is that the capitalization is in the form of large machinery and it's not being purchased in this jurisdiction and that's a very serious problem, and the amount of capital per job is almost mind-boggling. In the mining industry it can be as high as half a million dollars a job. In the Reed proposal it was over \$300,000 per permanent job. That means we've got enormous demands on capital which in turn are not creating jobs either there or in the industry that produces the machinery, certainly not in this jurisdiction.

So there is an enormous weakness, a structural weakness; it's not a cyclical problem. There are cyclical problems compounded through world markets and so forth, but there is a very serious structural problem in that the machinery that's being used to capitalize, as a result of the capitalization, is not being purchased in this jurisdiction. So we end up with the worst of both worlds: we end up with industries that are gobbling up capital at enormous rates but not employing people, and that hurts us a great deal as an industry. I don't see how this government is going to turn that around without intervention. I simply don't know, because

the cottage industry approach won't do it; that's counter to the whole approach of capitalization.

We have argued over the years, and I know the minister tends to react the way his predecessor did in just sort of seeing it as rhetoric and as saying, "It doesn't work anywhere, so don't give me that nonsense." We just don't see how we can turn it around without public ownership of the resource area, particularly in the non-renewable resources where leaving it in the hands of the private sector for the last 75 years has got us into this pickle where we haven't diversified.

The theory is that there are forward and backward linkages in resource development. Forward linkages are further processing, manufacturing and fabricating. Backward linkages are the purchase of machinery and so forth to develop the industry and to carry out the work of mining and pulp and paper work and so forth. In both cases, we lose. We don't get the backward linkage because we don't purchase the machinery for the industries. We don't get the forward linkages, partly at least because of the policies of government that allow processing offshore and don't insist on fabricating and finished products here in this country.

We have the whole question of manufacturing which could be tied to the resource sector. I had lunch one time with the president of Inco Metals, Mr. John McCreedy. There were other people around, so it wasn't a private lunch. It was when they were in Sudbury. Mr. McCreedy said to me—I was talking to him about processing and all that—"Yes, but you don't understand. Nickel is like salt. You put a little here and you put a little there." They themselves can't produce a product that is solid nickel. If they were to get into the further processing, it would be a change from their present operations so that somebody else would have to do it. I said: "Thank you. Pass the salt, please."

Anyway, that's a little diversion. The point is that the nickel industry itself is not going to do it because it is not its industry. It's manufacturing something else that only uses a small amount of nickel. He's right in that nickel is an alloy. The private sector isn't going to do it. I don't know how long we will wait but we will wait until the nickel is gone. Then we'll say, "My God, how could we have gone for 85 or 90 or 100 years and never have received true value for that resource?"

One major point is that there are ways in which you measure how developed a jurisdiction is. One way is the value of manufactured

goods per capita. In this jurisdiction Canada, in Ontario which is the industrial heartland of the country—it certainly applies primarily to Ontario—we are slipping very badly. I think we used to be number three in the world or maybe even number two in the value of manufactured goods per capita. We now are slipping very dramatically. The Science Council of Canada has done some excellent work on this. We are dropping dramatically. There's a danger of countries like Brazil and Korea, for heaven's sake, passing us by in this way you measure industrialization.

The other way you measure it, according to the science council and economists, is in the percentage of exports that are manufactured goods. There we are dropping as percentage while other jurisdictions are increasing. It's a serious problem. That's what I say it's structural and not cyclical. We can wait for world markets to turn around because when they turn around, we won't be the beneficiary of the turnaround.

Hon. F. S. Miller: I agree with all the observations you have made. It's like a scientific experiment where, having seen a set of observations, you therefore conclude something. We both come to opposite conclusions. You have concluded that the state should intervene and that the state has the power to solve these problems. I conclude that state intervention has done the opposite. Whether we are right or wrong, as you know you have to go on and test it. I think the tests of the market have shown, if my perceptions are correct, that, first, the capital per job continues to increase at an alarming rate. The capital per job is a function of the hourly rate paid per employee. Would you buy that?

Mr. Laughren: Say it again.

Hon. F. S. Miller: Sure it is.

Mr. Laughren: Say it again.

Hon. F. S. Miller: The capital required to invest per job in an industry is a function of hourly rates paid.

Mr. Laughren: It's one of the functions but not the sole one.

Hon. F. S. Miller: I am saying it's a function of that. If one has to make a calculation, as I have had to as a young engineer 26 years ago or more, in a company as to whether or not the company should replace a man with a machine, one then goes through the arithmetic of the investment in the machine, relative to the labour saving involved and the tax advantages of doing so. We have one of the highest real incomes per

man-hour in the world; I think you'll buy that. In fact, I believe the real income per man-hour is currently higher than in the United States.

The highest per capita of real income per man-hour is the nicest thing in the world to have. That's what we're trying to achieve. However, it would have to be founded upon productivity that's the highest in the world per man-hour, otherwise you will get into a position where the cost of the product per man-hour is excessive relative to your competitors'. That's the problem we've gone through in the last few years.

Your side of the coin is that the viable minimum size of an industry to start up to make a given product, or a mine or a saw-mill, you name it, is inversely proportional, I would say, to the capital per job. The lower the capital required per job the more likely you will have small industries popping up, because small amounts of capital are far more likely to be available. And so, when hourly rates are low relative to production costs—I don't mean low in absolute terms; low relative to your competitors—then you are able to enter with small manufacturing concerns.

So you see countries like Argentina, as you mentioned, or Brazil, or Taiwan, a classic example, or Japan, but Japan's now past that point, where they've taken the advantages of relatively labour-intensive markets, therefore relatively low capital investments, therefore high employment figures and low unit costs, to undercut our relatively highly capitalized industries.

That is a kind of trading off operation which is going on. They've succeeded dramatically in some of these countries in the last few years, obviously at the expense of the existing industrialized nations of the world of which we are one.

Mr. Laughren: But the bulk of our trade is with the United States, it's not with the Third World.

Hon. F. S. Miller: Right, but the bulk of our trade could be in other directions. That's one of the things I'm trying to point out.

What I tried to say in Sudbury, and I think I've said it before, is that obviously Canada can't be a manufacturer of all things for all people. We have to decide on those things we do well. We need to do those things so well that we can afford the plant investment per man and the minimum rates of production should justify that. I think here are a number of things we can do well and it's time we started to go into them.

I've used this example before; De Havilland Aircraft are a classic example of some-

thing we do well. We do it well enough to sell almost every country in the world that type of aircraft, don't we? Whatever it is, we've had the critical mass of both production and research required to maintain that company over the year until five or six years ago when it got into real trouble. It's now a profit-making company although a crown corporation if I'm not wrong. The crown corporation was formed when it was going to go down the flue, if you recall.

Mr. Foulds: It's called government intervention.

Hon. F. S. Miller: It was government intervention, sure.

Mr. Foulds: And it's successful.

Hon. F. S. Miller: But I wouldn't say the failure was necessarily due to the poor management of the company in the earlier days.

Mr. Foulds: No, I'm just pointing out the virtues of government intervention.

Hon. F. S. Miller: I think we all have a duty not to mislead the people we represent, who aren't always going to be able to argue like you and me or even necessarily always try to think through the implications of, say, wage demands or anything else they may have. In their interests we have to make sure the things they get are as much as the industry can afford but not enough to put the industry out of business. I think that's one of the key problems that Canada faces right now.

Of course, the devaluation of the Canadian dollar to some degree has indicated that the world is saying to us, "Canadians are paying themselves a little more than they think they're worth so therefore we'll cut their currency to bring them into line." It's kind of a painless way of equalizing—painless in terms of no one took a wage cut that they could see. It's a real wage cut, but it was a real wage cut by a devious route.

Mr. Laughren: But there's one thing you're avoiding. Look at the mining industry, where we're number three in the world behind the USSR and the US. We have a deficit of mining machinery of—

[11:30]

Hon. F. S. Miller: Six hundred million dollars.

Mr. Laughren: —three quarters of a billion dollars a year—in that area anyway. That's got nothing to do with wage rates. It has nothing to do with wage rates at all. It's got to do with allegiances at the senior levels of companies where they purchase, and the failure of government policy to ensure that

we have that kind of industry. If the private sector won't do it, you have no choice but to intervene. That would be what I would call positive intervention. It wouldn't offend your friends in the private sector because they've stayed out of it. So all you're doing is, you're moving in and filling a gap. You won't do that.

Hon. F. S. Miller: I think we discussed that fruitfully at Sudbury. I've seen the data sheets. I think Industry and Tourism has been trying very hard to analyse the components of those units that are being brought in, to find common components, things that occur time after time in differing kinds of machinery.

Mr. Martel: That's where it's wrong. If you want to develop an industry in Canada that has an internal market large enough to support an indigenous industry—forget the world market for the moment—surely it should be mining equipment. You should use tax laws, and give tax breaks to those companies who would buy Canadian-produced equipment in the mining sector.

Hon. F. S. Miller: Again, you and I won't argue on that.

Mr. Martel: We should make it attractive. What my colleague is saying is, look at the private sector to date. It has chosen, through interlocking directorships, friendships—nothing devious about it—to purchase from other countries rather than try to establish here.

Hon. F. S. Miller: You see the world the way you want to. I don't think that it is that way.

Mr. Martel: No, that's what has happened. I'm not saying that Inco did anything devious.

Mr. Chairman: I think we're straying off the whole subject here.

Mr. Martel: No, it's recommended right in this report, Mr. Chairman.

Mr. Chairman: We're discussing the resource products program. We're not discussing Industry and Tourism or manufacturing.

Mr. Martel: We're talking about mining equipment.

Mr. Chairman: Mining equipment relates to Industry and Tourism.

Mr. Martel: It relates to mining.

Mr. Chairman: Not the manufacture of it; the use of it perhaps, yes, but not the manufacture.

Mr. Martel: Sure, you do the research and the development.

Mr. Chairman: Let's stay within the guidelines here again.

Mr. Laughren: Could the minister finish his response before he was so rudely interrupted by the member for Sudbury East.

Hon. F. S. Miller: I think I did.

Mr. Chairman: I think he did. I don't think he has anything else.

Mr. Laughren: We were talking about the mining industry. The minister acknowledges the problem. He obviously is aware of it, because he volunteered the figure of \$600 million, or something like that, as our deficit on mining machinery. How do you see turning that around?

Hon. F. S. Miller: I would have to disagree with some of the comments made by the member for Sudbury East—

Mr. Laughren: Please do.

Hon. F. S. Miller: —in the sense that he said something about internal demand justifying production. I'm not sure there are too many highly specialized pieces of equipment that fall into that category when you really analyse the components I referred to earlier—the investment costs and therefore the minimum production rates. What I see, though is that world demand for certain pieces of equipment will justify Canadians producing that equipment and then merchandising not only our own basic market and replacing it, but a highly selective—

Mr. Laughren: Scooptrams are used around the whole world.

Hon. F. S. Miller: I would only argue, let's then learn how to make them at a price that undercuts the present people.

Mr. Laughren: We'll never know if we don't try.

Hon. F. S. Miller: Fine. That's part of the analysis to get some small companies going.

Mr. Laughren: What are you doing?

Hon. F. S. Miller: We are trying to do just that.

Mr. Laughren: No, you're not. It's not evident.

Mr. Martel: In 1974 we recommended—

Mr. Laughren: Tell us what you're doing.

Hon. F. S. Miller: That flows from the studies of your committee and of the Sudbury—

Mr. Martel: It was recommended in the select committee report of 1974.

Mr. Laughren: You can't go on and on, putting off the day when—

Hon. F. S. Miller: I think you also have to realize that some industries are frightened of our country because they see us as being not a haven for risk capital any more, relative

to the United States. I heard a comment the other day that you won't like, but I'll give it anyway.

Mr. Wildman: I'm sure we will. Don't prejudge again.

Hon. F. S. Miller: I'm prejudging again, but I was right last time. The comment was that European capital is flowing to the States quite quickly right now.

Mr. Laughren: We have capital flowing out of here, too.

Hon. F. S. Miller: Yes, you have, and the reasons are exactly the same. The comments made by some of the people investing their capital in the United States is, "We can only see another five years of capitalism in Europe, but we can see 20 to 25 years in the United States. We would rather have our money in a non-socialist state for that much time."

Mr. Laughren: You mean we're going to go socialist?

Mr. Martel: We agree with that.

Mr. Laughren: You were wrong to prejudge. I agree with you.

Mr. Martel: You are not only hitting .500, Frank.

Mr. Foulds: You are an endangered species.

Hon. F. S. Miller: Do you mean you agree with me?

Mr. Chairman: Are you all through, Mr. Laughren?

Mr. Laughren: Yes.

Mr. Chairman: Thank you very much. Mr. Martel has indicated he wants to speak—on mineral management?

Mr. Martel: Yes, but I have got to talk to the minister. He's away.

Mr. Chairman: Oh, you can talk to the minister—

Mr. Martel: No, no. I want to question him on his own report.

Ms. Bryden: Mr. Chairman, I thought I had indicated earlier—

Mr. Chairman: No, I didn't see you indicate any desire to speak.

Ms. Bryden: When we first started the meeting, Mr. Chairman.

Mr. Chairman: No—

Mr. Yakubuski: He was here very early in the morning.

Ms. Bryden: I was here at 10:05 and I indicated I wished to speak, Mr. Chairman.

Mr. Chairman: If you want to toss it up between Mr. Martel and yourself while we are waiting for the minister, that's fine.

Mr. Wildman: Mr. Chairman, on a point of order: Is it your understanding that the minister indicated to this committee, under questioning by Mr. Laughren, that his ministry had indicated to the select committee on Inco and Falconbridge layoffs that the report on the nickel industry had been given to the committee by the ministry, and that if the members of the select committee were unaware of that—

Mr. Chairman: I think we discussed this. We hashed this over—

Mr. Wildman: I am going to be seeing some of the staff, so I want to make it clear. Did he say to us that if we didn't get it, then basically it was somebody else to blame? And that must mean the chairman and the staff of the committee. That's what he said, is it? I am going to be seeing some of the staff—

Mr. Chairman: I think Mr. Jewett explained the reasons for the delay in the report, did he not? Were you not here when he explained?

Mr. Wildman: I just wanted to make sure—

Mr. Foulds: He talked about it. Whether he explained it—

Mr. Chairman: I thought he did.

Mr. Foulds: What Mr. Wildman is trying to do is clarify—

Mr. Chairman: I thought he indicated that the committee was told on January 16 that the report was being prepared.

Mr. Wildman: Right. So it was the chairman and the staff of the committee.

Mr. Riddell: On another point of order, Mr. Chairman: I believe we were not able to meet yesterday; will we be meeting tomorrow night to finish these estimates?

Mr. Chairman: No. It was decided yesterday, Mr. Riddell, by the three House leaders, that we would proceed with Bill 48, under the Ministry of Agriculture and Food, tomorrow night; and, as soon as that bill was completed, we would revert to the balance of the time that was left on the estimates of the Ministry of Natural Resources.

Mr. Riddell: Thank you.

Mr. Martel: What I want to raise with the minister is his own report of February 1977.

Mr. Chairman: Was he minister at that time?

Mr. Martel: Yes. Interestingly enough, that report said that unless the markets improved rapidly in the near future, it is difficult to see how cuts in Sudbury mine output can be avoided. I am interested in knowing if the

companies were brought to Toronto to meet with the ministry in an effort to avert the massive layoffs which occurred, particularly in view of the fact that the ministry and the government of Ontario were so surprised, or apparently were so surprised, when the layoffs were announced.

Mr. Chairman: I think that was pretty well a foregone conclusion. It was common knowledge around the world as to what was going to happen to the nickel industry.

Mr. Martel: There was a lot of rumour, and I understand it went to a cabinet committee, but I want to know why the government—the minister's back—failed to call in Inco and Falconbridge in February 1977, when the minister tabled the report The Ontario Metal Mining Industry. Why did the government fail to move to avert some of the layoffs, because the companies were still hiring new employees until April of that year? What preparation did you make for this layoff? Did you talk to the companies at all?

Hon. F. S. Miller: First of all, market forecasting is done by both companies and, I am sure, by all their competitors too. We were doing some market forecasting, and when it was still in that state—a forecast—I would think that those companies would have every right to reject or accept ours as being more or less accurate than theirs. I would also suspect that most companies would feel that they are more able to analyse their own markets than governments; and there's a natural reluctance to believe that we may be accurate, part of which I am sure may have disappeared in the meantime. The information was available.

The companies, on the other hand, chose to stick through the summer with the forecasts they had made. Those forecasts assumed there would be a slight upturn. I think the things I was reading said there would be a slight upturn during 1977, et cetera. They had very poor summer sales, but traditionally summer months have never indicated the direction of a market and it took them until mid-September—in fact, based upon the early September sales, late September—to analyse what they considered their first normal month of sales following the summer.

It was at that point that it was obvious that the forecasts they had made were not accurate and they moved to take action. Now I would say that in that period of time while they were aware of our information, I was in no position to say we were more accurate than they were. I am sure, in other words, they did not just say, "Well"—

Mr. Martel: The other question I raise though is that when you as a government through your staff in this particular ministry feel there is an impending problem, do you not discuss it? Wouldn't it be sensible to get on the hummer and say to the companies "Why don't we just chat about this for while? Because it looks to us as though there are problems?"

Hon. F. S. Miller: I think if you spent a week with me some time you would discover—

Mr. Martel: You never invite me.

Hon. F. S. Miller: Probably no one would speak to me.

Mr. Martel: Well, it might be the best thing that's ever happened to you. You'd get good information and advice, for a change.

An hon. member: Horrors!

Hon. F. S. Miller: I'm glad the honourable member has a smile on his face as he says it.

Mr. Martel: I am so humble, and you can tell.

Hon. F. S. Miller: Yes, I've noticed that.

Mr. Martel: You've noticed that, have you?

Mr. Foulds: It's embarrassing to the ministry, I assure you.

Hon. F. S. Miller: Humility was always your strong suit.

Mr. Martel: That's right.

Hon. F. S. Miller: I would suggest that I have contact with a good number of people in all of the industries relating to my ministry, sometimes almost to the point that I feel I am a member of their boards.

Mr. Martel: So do we sometimes. So do we.

I just want very briefly to go back to the—

Hon. F. S. Miller: Maybe I should say on their staff but not their payroll.

Mr. Martel: My colleagues mentioned the Inco study. I think I know how hard the members worked; I know how frustrated, Mr. Minister, all of us came out of that exercise. It was, I think, the most depressing committee ever worked on in the final analysis, because we virtually did nothing except work and beat our heads against the wall.

I only want to talk about one particular sector. Is the government prepared now, as it's done to some degree in Lakehead, to assist and to promote the forestry program now that Laurentian University has moved to a four-year course in engineering; is your ministry prepared to work with Colleges and Universities to assist that university in expanding, particularly in the field of research and development pertaining to mining and

metallurgical engineering? You see, when I talk about mining equipment, the Canadian market for a change is big enough, and using tax laws we too should be able to compete—and I agree with the minister—in the world market, if we can produce it cheaply enough here.

The Sudbury basin has my friend's riding only a few miles away with a different type of mining, uranium. If you go to the riding of the member for Cochrane South (Mr. Ope), he has a different type of mining in this area, gold. You've got uranium and the nickel industry, you've got a university that's moved to a four-year course, you've got recommendations from two select committees which say categorically we have to get into the production of mining equipment because there's a place that Canada can specialize. You've got a university that could, because it is the hub of a great diversity in mining, become a world leader in research and development and all that accrues from that. The basic component that's missing yet is the production of mining equipment. That's why two select committees have said we have to move that route.

[1:45]

I would prefer that the private sector do this because the only area we want control of is the resource sector. We don't hide from it. We are saying that the private sector could do the manufacturing. But it hasn't occurred in 75 years. The only thing you have, I guess, is Smith in North Bay—

Mr. Chairman: I might add we have Heath and Sherwood (1964) Ltd. in Kirkland Lake, which manufactures highly specialized equipment for the mining industry across the world.

Mr. Martel: Yes, but I am talking about the heavy equipment where you get a lot of cash—shoot hopefully in testing, using the resources that are there, the mines that are there, which would become a natural testing area for different types of equipment.

The only thing that is lacking is the push necessary to make Laurentian get heavily involved—and they want to. I met with Henry last both at 2001 and subsequently. They are moving in that direction.

As my colleague from Nickel Belt says the direction, the encouragement, has to come from government. I think one of the tools that government can use is to say if a Canadian company starts to produce mining equipment, it will give those mining companies who purchase that equipment a tax break. That is the type of tax break I am prepared to see happening because it encour-

ages a totally new field which would be tremendously beneficial to Canada. And it isn't cyclical, although you might have a decline—

Hon. F. S. Miller: Could I just comment on this? It is neither pro nor con on that point. GATT currently is meeting, and one of the basic kinds of issues GATT is facing in its attempt to eliminate or minimize the direct taxes on imported goods is the kind of thing you are talking about. They are dealing with this because that is a much harder mechanism or subsidy system to uncover than the direct import duties a country imposes. They have agreed, though, that they can't make progress on the one front—reducing import duties—unless they get rid of the internal kind of tax incentives—grants, assistance—which make one country's products more competitive than another's.

One of the reasons, apart from those of straight provincial employment, Ontario didn't accept the lowest tender on the subway units, I think it was—it went to Thunder Bay—was that I believe there was some wondering about this kind of thing. For example, were the prices being quoted by the one company totally based upon the same set of economic realities as the ones Hawker Siddeley had to face?

Mr. Martel: I am sure you agree with me that other countries do that sort of thing.

Hon. F. S. Miller: Oh, sure they do.

Mr. Martel: I am saying it is time we started looking after number one—and number one has to be Canada, and our young people. A country that has 1.5 million people unemployed can't sit idly by any longer. Somewhere we have to make a break.

Hon. F. S. Miller: One of the things you have to realize though is everything we export pays little if any import duty. Therefore, we haven't got a heck of a lot to gain in terms of export markets through the GATT negotiations. Everything we produce here, and currently have import duty to protect, can be vitally affected by the GATT negotiations because in effect we are trying to protect secondary industry right now through mechanisms of that nature.

Mr. Martel: But our problem is we don't have that much that is truly Canadian industry. What I am suggesting to you is that here is a field that has to be a natural. Why Canadian entrepreneurs have never gone into that particular line has always bothered me. Inco didn't do it deliberately—for a variety of reasons they buy from this company or that company. What I am trying to encourage is

that government, without talking about ownership or crown corporations, in fact get busy, after two select committees, to encourage, to foster through a variety of means, the creation of a manufacturing sector in mining equipment. Because we have a big enough internal economy—it is one of the few big enough internal economies we have—

Hon. F. S. Miller: Don't let me say we won't. Let me show you one place where we have done just what you say. I think within the last week I heard the leader of the Liberal Party officially criticizing us on our measures, and that was UTDC. Isn't this an attempt to do exactly what you are saying? To have enough research capability to produce a highly specialized product with its engineering sources in Canada—specifically Ontario—to produce a product bought basically by municipalities around the world, not by straight free-enterprise consumers, and in effect make a product better than anybody else makes? That's doing what you're saying; it is running into fairly stormy weather because it is having troubles economically and at times has infringed upon other people in the marketplace.

Mr. Gaunt: There is a way to do it.

Mr. Foulds: You are oblivious to our criticisms; why do you take the Liberal leader's?

Mr. Gaunt: That's unfair.

Mr. Foulds: It's only fair once in a while to take a shot in the other direction.

Mr. Martel: Mr. Chairman, I want to tell you that the Liberals traditionally have been the proponents of a colonial-type economy and have fostered it. I hold no brief for what the Liberals say because they encouraged it with old C. D. Howe. So I have no hangup about worrying about what Stuart Smith says about it.

Mr. Gaunt: That's a low blow.

Mr. Martel: It's true; I can't help it, Murray.

Mr. Foulds: Accurate but low.

Mr. Martel: It's an accurate reflection of what's happening in Canada. They helped to create the problem. You heard my friend from the Liberal Party the other night suggest that we can't change it. I say we have no option but to change it, or we are in for worse times than we've got now. You've got to have places for young, educated, skilled people to go. You've got to have the type of industry that pays high wages that we are training people to expect. There's a direction we can go. We have all of the things that are there, except the push. And I am asking this government to provide the push.

Hon. F. S. Miller: I'm saying this one thing though. Fundamental in any society—do you want to get back at the Liberal side just once again?

Mr. Gaunt: I just wanted to say that we've come a long way from C. D. Howe.

Mr. Martel: You're right. In the last 11 years under Trudeau we've come a long way. It's a disaster.

Mr. Wildman: Down a very, very, slippery slope.

Mr. Riddell: Not only that, but our leader has advocated far more concentration on research.

Mr. Foulds: So we can export it to the States.

Mr. Martel: You want to make sure that the research money goes to Canadian companies; then you are talking. But to give it to all companies is crazy. You don't retrieve the benefits—the royalties—

Mr. Gaunt: We don't want our position misconstrued.

Hon. F. S. Miller: Are you all done? I was just going to say that I think both parties sitting in front of me should realize that our only hope is us; because if either of you gets in power chaos is going to result.

Mr. Martel: I thought that's what we had now.

I want to ask you a question. Between you fellows provincially, and the Liberals federally, why have we got a million and a half people unemployed—if you have been so successful?

Mr. Chairman: I don't think that has anything to do with mineral management, Mr. Martel.

Mr. Martel: Neither did the minister's last response that the only hope was the Tories.

Mr. Chairman: We will disregard that remark—

Mr. Martel: We'll strike both.

Mr. Chairman: —and concentrate on mineral management. Do you have any further remarks? Ms. Bryden is anxious to make some comments.

Ms. Bryden: Thank you, Mr. Chairman. I am always amazed at the minister's child-like support of the belief in the market system, because the evidence seems to indicate that the market system is far from perfect.

He mentioned that the mining industry in this province started in the past usually from independent prospectors finding properties and then raising money to develop them. But he doesn't seem to stop and question why

that is not happening now; that no new mines have been opened in recent years; that no major discoveries have been made on which to base a new mine since 1971; that exploration activity has gone down to an average of \$15 million a year in the last four years from an average of \$23 million in the previous four years.

It seems to me that a good deal of that is due to the failure of the market system, and the so-called risk-taking system, to work. In effect, the system is stacked against Canadian entrepreneurs; and it is stacked against the ordinary prospector and the small mining company that wants to develop its finds.

The securities regulations were tightened up, and I think necessarily so, to end the real ripoff that this Conservative government had allowed for years in the casino that's called the stock market. But, in so doing, they also were stacked against the small Canadian mining companies. I think that has to be looked at very carefully to see how we can permit legitimate development companies to raise capital.

The tax concessions that have been granted have been stacked against the small Canadian entrepreneurs, so that it's mainly the big American companies that take advantage of them. In fact, there are even some tax concessions that favour foreign investors over Canadian investors. The Investment Dealers' Association encourages the investment of capital outside the country rather than trying to channel it into our Canadian development.

For these reasons, the market is not working and we are not producing, as my colleagues have said, an indigenous Canadian mining industry. As a result, we are losing all sorts of opportunities for northern development, northern diversification, careers for Canadians coming out of our universities, and the possibility of Canadian content in the purchases of these mining companies.

My first question is to ask the minister what he is going to do to overcome the bias in the market against Canadian entrepreneurs and Canadian junior mining companies? It seems to me this is a case for government intervention; it is a case for government leadership.

Hon. F. S. Miller: There's a difference.

Ms. Bryden: I don't see any leadership if you say to just leave it entirely to the marketplace.

Hon. F. S. Miller: You know, you start with my childish belief in the market system—

Mr. Wildman: She said "childlike" not "childish."

Hon. F. S. Miller: Childlike. If that means I have faith in it, I will accept your comment. I have to say you have a naive belief in the regulated state. Unless there is a creation of capital, there will never be any expansion. All I hear from you people is that we should support industries that can't even break even. If an industry isn't creating wealth, then you must be consuming wealth; and if you are consuming wealth, you are living off your own capital and eventually that will bankrupt a country. That's what we have to understand.

Mr. Laughren: We understand that. We wish you did.

Hon. F. S. Miller: What is wrong with the market system today is that it is not being allowed to function. There have been too many countries that have bought, either in whole or in part, the very beliefs you are expounding. The pulp industry has been destroyed singlehandedly by the people of Scandinavia in their attempt to intervene in the marketplace. In fact, the copper market was destroyed in the last year or two by two or three countries which believed they could continue to produce, even if they didn't make a profit.

Mr. Laughren: Why do we have a million unemployed? Can you address yourself to that?

Hon. F. S. Miller: We have a lot of unemployed because other countries have been grasping at employment at any cost rather than employment on a profitable basis. In turn, they have destroyed the marketplace by overproducing when they shouldn't have. That's exactly why you've got a market problem.

Mr. Martel: That's a gross oversimplification.

Hon. F. S. Miller: That's not an oversimplification; that's the truth.

Mr. Laughren: It's not oversimplified; it's simplistic.

Hon. F. S. Miller: One of the things you said was that the market is imperfect. It certainly is. I guess what I have noted as my main difference between the Liberals and us—

Mr. Martel: There is none.

Hon. F. S. Miller: I was lumping us together versus you.

Mr. Riddell: As long as you don't lump it the other way.

Hon. F. S. Miller: You I see as a misguided Conservative.

Mr. Martel: He's just a Tory in disguise.

Hon. F. S. Miller: That's right; he doesn't know it yet.

Mr. Martel: Sure; all of them are.

Mr. Laughren: His public statements—

Mr. Martel: It's like Zane Grey; the only difference is the horse.

[12:00]

Mr. Gaunt: It's a good thing all these statements are out of privilege.

Hon. F. S. Miller: You talked about the market system not being perfect, but the people in the world aren't either. The fundamental difference between our two parties, as traditional parties, and your party is that we have dealt with people the way they are, not the way they should be.

Mr. Laughren: That's why we've got a million unemployed.

Hon. F. S. Miller: Neither they nor the system is perfect, but it's a heck of a lot better than anything we've dreamed up trying to eliminate those imperfections.

Mr. Laughren: Tell us about the million unemployed.

Mr. Martel: He's dealing with them as they are, not as they should be.

Mr. Laughren: Are you dealing with the unemployed as they are?

Mr. Martel: Not as they should be.

Mr. Laughren: That's sad.

Hon. F. S. Miller: There are two ways the worker can profit apart from the present system of unions organizing and negotiating for them. They can profit in their productivity and they should profit in their productivity—

Mr. Martel: They don't determine how productive they will be.

Hon. F. S. Miller: —apart from negotiating hourly rates. The first way is to let the government own the assets. That's the route you would like us to choose. The second is for them, in turn, to invest in the companies. Of the two, I choose the latter. I believe the balance between the negotiating power of a union versus ownership and the willingness to understand the capitalistic system that we believe in is the way to keep the system going. In other words, put your money where your mouth is and take some risk.

Mr. Laughren: The workers can't. In Sudbury, the harder a worker works the quicker he's out of a job.

Ms. Bryden: As a result of this so-called free marketplace, as I say, we've had no new mines opened in the last few years. The northern economy is not developing and we have these layoffs instead. The executive director of the Science Council of Canada, John Shepherd—

Hon. F. S. Miller: We were trying to open an amusement park recently, and you were against that, too.

Ms. Bryden: I'd like to see a Canadian amusement park in a proper location.

Mr. Laughren: Do you call that wealth creation?

Hon. F. S. Miller: I happen to be the president of one.

Mr. Laughren: Is that wealth creation?

Hon. F. S. Miller: Sure it is. Sure it is.

Ms. Bryden: The executive director of the science council, John Shepherd, has recently been making various speeches about what we need to get our industrial strategy developed. His major point is that the thing that is holding us back is the unwillingness to have some government intervention to try to develop Canadian industries in which we can specialize. Mining is surely one in which we can specialize, because we have the resources.

As far as I can see, the ministry is not prepared to help the development of a Canadian mining industry and is not prepared to remove the barriers that are preventing them from raising capital and engaging in exploration. This is where we need joint ventures to provide some assistance.

Hon. F. S. Miller: We have MEAP. Are you aware of the Mineral Exploration Assistance Program of the ministry?

Ms. Bryden: Yes, I am.

Hon. F. S. Miller: Okay. I would hope you are. It's administered by a highly competent person who analyzes and either approves or disapproves of the requests for us to share in exploration risk.

Ms. Bryden: But we haven't found any new mines, so obviously it's not adequate.

Hon. F. S. Miller: We have found them. We haven't developed them. There's a big difference. There are a lot of other things besides mining tax preventing mines in Ontario from being developed. One of them is the tremendous cost of passing the environmental approval process.

Mr. Foulds: There are nine that you left out before.

Ms. Bryden: My second question relates to the mining taxes. I was somewhat disturbed to read the press reports on the minister's

comments to the Ontario Mining Association meeting that he was considering revising the mining tax and going back to a flat tax instead of a percentage tax on that.

Hon. F. S. Miller: I didn't say that. I said revise them. I didn't say what I was going back to.

Ms. Bryden: That may be correct. The mining association would like a flat tax, I understand.

Hon. F. S. Miller: Yes, that's more accurate.

Ms. Bryden: It's only a few years ago that the government made a great noise about switching to a graduated profits tax, so that the mining companies that really had money were contributing more and the smaller ones with smaller profits were contributing less. It seems to me that's a principle we should be in favour of.

I'm not so sure that the actual implementation of that policy is working. As my colleague from Nickel Belt has pointed out, the revenue is so minimal that there must be tremendous allowances by the mining assessor of all kinds of deductions and expenses. There's practically no profit to be taxed even though the mining companies are reporting fairly healthy profits to their shareholders. I think we've still got a lot to do to produce a true ability to pay a mining tax that brings back to the people of Ontario their share of the economic rent from our resources.

I'd just like to ask the minister to comment on what kind of revision of the mining tax he is thinking of.

Hon. F. S. Miller: Obviously, I don't know. That's why I'm thinking about it.

Ms. Bryden: I hope he will make sure that is based solidly on profits and that there are not all these loopholes and deductions that reduce profits to nothing so that the people of Ontario get very little.

Hon. F. S. Miller: Again, I have to make the point—you are allowed to debate with me and I guess you are making your points; I have to make some back again—the concentration of your attention on the economic rent, as you call it, for our natural resources through mining tax is just like looking at the tip of an iceberg floating in the ocean. The real benefits to the society are: 1. the employment of people, therefore creating wealth otherwise not created; 2. we get 42 per cent of all the wealth generated in this country for governments. That is just as true—

Ms. Bryden: That is a very false statistic, Mr. Minister. As you know, governments take 25 per cent of the goods and services. The rest is simply transfers of revenues.

Hon. F. S. Miller: I don't care what they take. We're taking 42 per cent of every dollar of gross product—

Ms. Bryden: And shifting it from the rich to the poor.

Hon. F. S. Miller: From the rich to the poor, yes.

Ms. Bryden: And often from the rich to the rich.

Hon. F. S. Miller: In the process, making sure that there are no rich left to be around.

Mr. Foulds: Oh, oh, not true.

Ms. Bryden: A great deal of it actually is shifted from the rich to the rich.

Hon. F. S. Miller: Rich people don't have cash in the bank, contrary to your socialist ethic. They have money invested, creating jobs.

Ms. Bryden: I just have one other area that I would like to ask the minister about. That is with regard to the paragraph in the Mineral Policy Background Paper No. 4, Towards a Nickel Policy for the Province of Ontario. In that paper, the report suggests that "the government of Ontario can be most effective in altering such areas as provincial taxes, regulatory delays, environmental standards and health and safety regulations." The suggestion behind that statement is that perhaps the way to develop our nickel industry is to relax our environmental standards and our health and safety practices. As we all know, they are far from adequate.

Sudbury is noted for the amount of pollution and the amount of industrial diseases we have had there, and it's the same with Elliot Lake, and it seems to me that would be a backward step. Actually, it would be short-sighted policy, because you can't compete in world markets if you are going to try to compete at the expense of the health of the Ontario workers or the wrecking of our environment for future generations. If you actually spend the money at the time it is needed, it costs you a great deal less than cleaning up the mess afterwards. So if you don't create the pollution in the first place, then you don't have to clean up the mess.

Hon. F. S. Miller: We are not arguing about that at all. In fact, Ontario can take credit as being probably the strictest and cleanest environment for new industry and the most demanding of existing industry in North America bar none, period. At the same time, while trying to maintain those standards and see that they are put in place, we have to be very careful not to have such lengthy processes that we bankrupt people or deter them from even starting.

Ms. Bryden: Have you considered what the meaning of that particular clause is? Are you simply going to change the methods of setting the standards or are you intending—

Hon. F. S. Miller: I have nothing to do with setting standards. I am only, as a minister, keenly aware of the effect of not the standards so much, although the standards can be questioned at any time, I think if you ask a doctor or an engineer to set a standard, he is going to set a standard that will protect him before it protects anybody else. When I was in Yugoslavia last month, the operator of a zinc-lead smelter, in a country where I would assume their philosophy is inclined towards the worker, told me that if he could get hold of the people setting the standards he had to live with he would shoot them.

Mr. Martel: That just might happen there.

Ms. Bryden: We know that in the past the standards have not been adequate.

Hon. F. S. Miller: I heard this coming from a source that I never thought I would hear.

Ms. Bryden: There are still too many standards where we have only guidelines rather than standards that you can take people to court over and enforce. For all the new products, we don't have adequate provisions for testing them before they go into use.

I heard a professor speaking at a conference recently, saying that if Inco had been forced to spend adequate funds on environmental protection over the years, which would have saved the people of Sudbury millions of dollars, it wouldn't have had funds to go investing in Guatemala and creating competing sources of nickel, and the whole economy might be better off.

Hon. F. S. Miller: Who would have? It happens that Inco is probably spending more money on pollution abatement now—because it didn't spend it in the early days—than a new plant in Guatemala or anywhere else has to spend. I quite accept the fact that costing into a new plant adequate prevention of pollution is an essential part and a relatively low-cost item if it's designed in.

We have a Kimberly-Clark plant in my riding, repulping, making Kleenex, which got the award for environmental expertise for North America recently. They were saying their main product was clean water; they produced water and returned it to the water course in much better shape than they picked it up. Yet I've never heard a complaint from that company about the cost, because it was designed right into the system rather than having to be worked into a confusing array

of pipes and so on that you'll find in almost every old processing plant, whether it be a mine process or a pulp mill or a paper mill, in Ontario.

Trying to tie something in is extremely costly. Take a steel mill, for example. The cleanup of the steel mills has been exorbitantly costly but it's been reasonably well done in Canada. I think it added 10 per cent to the cost of a new steel mill to design it properly, and yet it was 30 to 40 per cent to do it after the fact. I think we have to keep those kinds of things in perspective.

Ms. Bryden: Which is all the more reason why we must work—

Hon. F. S. Miller: Yes, but we're doing it. That's what I'm trying to say.

Ms. Bryden: We're not, Mr. Minister, I don't think. We don't have rigid enough standards.

Hon. F. S. Miller: I would just let the Minister of the Environment (Mr. McCague) argue that.

Ms. Bryden: In the first place, the Environmental Assessment Act only applies by designation to the private sector, and there have only been two industries to which it has been applied so far.

Mr. Chairman: Ms. Bryden, I think we're straying off the subject here. Let's concentrate on mineral management, please.

Ms. Bryden: Those were my main concerns. I hope in implementing any policies the minister will consider the environmental factors and not consider them expendable.

Hon. F. S. Miller: I can say in winding up on mining—I hope we are close to winding up—I'm a bit of an optimist right now, rather than a pessimist. I see the price of zinc going up a bit. I see the price of copper climbing a bit. Admittedly the price of lead slumped a bit. Gold is probably at its historic high, maintaining a number of mines which otherwise would be unprofitable. I'm thinking of some in, say, the Timmins area where they have very low gold content.

I basically believe that we have passed the low point in the mining industry and that we need to have, at this point, enough courage and confidence in that industry to let the companies make the investment decisions which they must make about now if, in fact, we're going to have the ability to share in an improved metal market when it comes. Those who look at zinc and copper predict that's within four or five years, maybe a shorter time than that; two years, I guess, in the case of copper. This in spite of world oversupply right now.

What we have to do, though, is make sure that the Ontario environment for investment is at least as attractive as the other environments where copper, zinc and other base metals can be produced. That's why I'm willing to look at the Mining Tax Act, that's why I'll lobby for streamlined methods of maintaining the protection of the environment, not challenging the purpose—I think that's what you've got to understand—but methods of allowing companies to do what they have to do in a time-frame and in a cost-frame they can tolerate. If they don't, they're going to go to countries such as we saw where virtually nothing is demanded of them, nothing, and they know they can be in production.

[2:15]

If you buy a piece of land today, one of the big problems is how long will you own it before you can sell it as a subdivider, right? Therefore, the major costs are (a) the time factor, and (b) the interest factor. The same is true of investment in new plant. If you can be sure that you can get started in two to three years, order your goods and go ahead. There are people willing to risk it. This very amusement park you mentioned the other day has gone through seven or eight years of study, whatever it is.

Ms. Bryden: Not that long.

Hon. F. S. Miller: I was trying to quote from the Globe and Mail this morning.

Mr. Foulds: That's dangerous.

Hon. F. S. Miller: Pardon me, it is the Toronto Sun I'm quoting from.

Mr. Foulds: That's even more dangerous.

Hon. F. S. Miller: The Sun this morning simply pointed out that the investment costs had doubled in that time. That's been very true of the capital intensive industries.

Ms. Bryden: It may be a very nice speculative land deal.

Hon. F. S. Miller: It may be. So what?

Mr. Foulds: I just have two comments, if I may. This arises out of what the minister said. What worried me during the course of the debate that has happened so far is what the minister said that the climate in Ontario must be made attractive to investment, but in his internal ministry report of February 1977 there are, in fact, six courses of action suggested there. One of the interesting things about those is that it doesn't say anywhere that we should reduce our environmental standards or reduce our position on ownership controls, but what we should reduce is the uncertainty.

Hon. F. S. Miller: That's what I was trying to say.

Mr. Foulds: I think that's an important point to underline.

Hon. F. S. Miller: That's exactly what I've been saying for the last five minutes, that I really wanted to speed up the time-frame and allow people to be sure that if they met conditions they understood they could be in business.

Mr. Foulds: Yes. We could make that climate attractive, not necessarily by selling out as, in fact, some of the Third World countries are, but because we have other things to offer. We have stability to offer, for one thing, which should in fact be emphasized.

One of the interesting things about those six recommendations that were not touched upon by the minister was that we need to improve housing conditions and working conditions in terms of the social conditions for the families of the workers in the north. At one point, the report goes so far as to say that perhaps we should be raising the level of wages, the compensating factor being that we'd have to improve the productivity that both the minister and my colleague from Nickel Belt talked about earlier.

I did want to make those comments before we wound up on this vote.

Hon. F. S. Miller: It's interesting. I noticed at least one mine commenting that it is unable to get enough employees at this very moment.

Item I agreed to.

On item 2, forest management:

Mr. Lane: I would have liked to spend some time on the mining vote, but I think it was pretty well mulled over and time is going on, and I'd like to get into forest management.

Mr. Minister, last year when we had your estimates before this committee, you had with you a sample of the hybrid poplar that you're specializing in. I was quite intrigued to find out that this wood can be brought from the form of a small tree being planted to production stage in five years. I'm just wondering how this plan is progressing and what you see as its future?

Hon. F. S. Miller: Could I interrupt for one second, Mr. Lane, on a procedural point? There's one section of one of our votes here, the Algonquin Forestry Authority, which relates to this but is specific. Just as you passed, or almost passed, without discussion the St. Lawrence Parks Commission the other day—

Mr. Chairman: It's not statutory.

Hon. F. S. Miller: It isn't statutory? It doesn't have to be discussed?

Mr. Chairman: No.

Hon. F. S. Miller: Okay. I was just going to say that the general manager of the authority was here today in the city, and with vagueness of our future, he would have trouble knowing when to be here again. If there were any questions on the Algonquin Forestry Authority, could I ask you to pose them now and it would save him coming back to Toronto on a future day, and therefore save taxpayers' money. Are there any questions on the Algonquin Forestry Authority?

Mr. Chairman: Mr. Martel. Is that all right with you, Mr. Lane?

Mr. Lane: Yes.

Mr. Martel: There is something I want to raise with the minister and with the gentleman in charge of the authority. About a year and a half ago I read the report of the Algonquin authority and was particularly taken by what I thought was a lack of reforestation in terms of putting back what we were taking out. I wrote the minister and expressed my concern and in late February got a response—and I don't think we got back to forestry during the short estimates this past fall—and the minister indicated and I quote his letter:

"I am pleased to have your reaction to the Algonquin Forest Authority annual report. From your remarks about reforestation,"—now listen to this—"it would appear that you are still looking for a relationship between the number of trees cut and the number of trees planted." I sure as hell was. I make no apology.

The question is of course, that while I was looking for a tree for a tree to make sure that we continued to have the number of trees in the park that were being removed, you were telling me I didn't understand. And do you remember an event last June, I guess it was, or was it May, when the Premier (Mr. Davis) changed all of that? In fact I not only didn't understand, I just didn't go far enough because the Premier and you agreed, two for one.

Hon. F. S. Miller: I have answered that in the House. May I just answer your point? As recently as this morning I discussed the issue. But, you know, there are two kinds of forests that exist in this province—three I guess—the Great Lakes St. Lawrence forest area is the one, if I am not wrong, in the Algonquin region; and the management of that forest is entirely different to the management of the boreal forest in the north. Would you buy that?

Mr. Martel: Right.

Hon. F. S. Miller: Would you also buy fact that the hardwoods generally are the trees which regenerate without replanting?

Mr. Martel: Yes.

Hon. F. S. Miller: Therefore, the question of management in this particular case is what species will we encourage. Not: will it grow or won't they grow? Is that a fair statement, Mr. Bird? I have been asking questions on that very point as recently as this morning and in fact I have given certain directions but I don't need to worry about trees growing. I am told that in the hardwood forest as fast as you cut and expose the floor, have the regeneration.

Mr. Martel: But all I was looking for was guarantee that the trees that were being moved would be replaced; and you told me that I didn't understand.

Hon. F. S. Miller: Again, I am trying to say nature—in the case of the Great Lakes St. Lawrence forest—does it for me. All we have to do is encourage nature through good silvicultural techniques.

Mr. Martel: Frank, you can't shift.

Hon. F. S. Miller: Do you want me to plant trees, when they grow better by themselves?

Mr. Martel: All I was asking for was assurance that in fact we would have the trees, whether it be by natural process or by intervention, that the number of trees would replenish those which were being moved, and you simply told me that I didn't understand. Well, I tell you I understand what I was driving at. You disagreed with me and then you accepted a proposal that we do it "two for one". That was even better.

Hon. F. S. Miller: I am safe on that.

Mr. Foulds: Well, he even chuckled when Peter said as an aside: "You have got to work cut out for you, Mr. Minister." And can hear the gasp of despair that was recorded in the background.

Mr. Martel: Well, "two for one." Why do you move that way?

Hon. F. S. Miller: The fact remains that in this particular region, we are getting the regeneration. I am more interested in seeing the best species regenerated and if, in fact, techniques have to change for that, techniques will change.

Mr. Martel: Yes, but I have the breakdown of what you were planting. Over 1,800 acres, it was site preparation for 549 and sheltered wood harvesting for regeneration 7,000. My point is, are we doing enough?

it's put it that way—to guarantee that the people of—

Hon. F. S. Miller: Let me pose a question for you for a second. If in fact good silvicultural techniques require more intensive cutting measures, would you endorse them?

Mr. Martel: Yes.

Hon. F. S. Miller: That's what I wanted to know.

Mr. Martel: I think we have to manage our forests a lot better than we have done. I have illusions. When I was going to university, we were the only country in the world that was cutting more trees than it was replanting. That's really what I was driving at and having looked at the Armson report and a number of other reports in the past year and a half, it's obvious to me that we're in serious trouble in terms of pulling back—

Hon. F. S. Miller: I can only deal with February 3, 1977, onwards; and I'm dealing with it.

Mr. Martel: This was February 16 so you're responsible for this crummy letter.

Hon. F. S. Miller: I accept the culpability.

Mr. Martel: You're going to get the type of regeneration in the park that's necessary, isn't it? Because it's a renewable resource.

Mr. Bird: We're fortunately working with the kind of resource and the hardwood that replaces itself more than adequately by natural measures provided that we use the correct cutting methods.

Mr. Martel: What type of cutting do you use? Do you use up everything in those areas? Do you block it out or is it selective?

Mr. Bird: It's partial, selective cutting which removes on average from the hardwood stands about ten trees out of a hundred and fifty on an acre.

Mr. Foulds: Within the same acre?

Mr. Bird: Yes. Distributed over the acre.

Mr. Foulds: So that it's quite selective.

Mr. Bird: Very selective.

Mr. Foulds: It's selective individual tree cutting.

Hon. F. S. Miller: That's the thing we're looking at right now.

Mr. Martel: Do you have trees in the park that are degenerating simply because of age?

Hon. F. S. Miller: Sure.

Mr. Martel: That aren't being cut?

Hon. F. S. Miller: You mean across the park or in the area of cutting?

Mr. Martel: In the park area.

Hon. F. S. Miller: Sure. In fact, by design we have trees that are destined to die through

old age in the park because only a small area of the park has been devoted to your purposes I guess, hasn't it? What percentage of the park do we have under AFA?

Mr. Bird: We have about 80 per cent of the park area available for harvesting and the balance is reserved for other purposes, so on those other areas trees will die—

Hon. F. S. Miller: Under 20 per cent die.

Mr. Bird: —of old age, provided we maintain the same zoning regulations.

Mr. Martel: But in the other 80 per cent, you're starting to cull those out, are you? Because they can become a hazard in many ways.

Mr. Bird: The oldest and most hazardous ones aren't always removed in a commercial harvest because they sometimes don't have commercial value but there are moves afoot now to remove those and get them out of the way to get something good growing.

Mr. Martel: Would one of the reasons be that wood is getting very expensive for people who like to have it for fireplaces? If commercial enterprises don't do it, are you people in a position to mark them and allow the individual to go in and take them out?

Hon. F. S. Miller: Take out firewood, you mean?

Mr. Martel: Rather than see them standing there and let the ministry pay to have the wood removed.

Hon. F. S. Miller: Again, Mr. Bird can answer about Algonquin and that's what, I think, we should deal with. We certainly do allow this in other parts of the province. We've been selling firewood licences in a good many of the district offices, and I think staff have been marking trees for firewood, haven't they?

Mr. Peacock: Yes.

Hon. F. S. Miller: But in Algonquin, I don't think we do it, do we?

Mr. Bird: Not in Algonquin, because the cutting of timber in Algonquin is so closely supervised and must be so closely supervised. It would be unmanageable to let large numbers of individuals in. But the material is made available to individuals and the biggest source of material today is in culled logs out of trees that have been cut down and are found to be defective. They're there on the landing and now they're being trucked out rather than being left on the landing, as previously, and made available to the producers.

Mr. Martel: You say this couldn't be commercially harvested; that it's not financially successful?

Hon. F. S. Miller: If you saw an obviously defective tree, you might leave it behind under a commercial licence.

Mr. Martel: Yes. I'm just wondering if there was any provision, rather than our eventually paying the price through it rotting.

Hon. F. S. Miller: We girdled those, if you recall, in certain areas of the province and we ran into a great deal of trouble. Do you girdle them at all, Mr. Bird?

Mr. Bird: No.

Mr. Martel: Girdling was done down in the Parry Sound district.

Hon. F. S. Miller: Yes, it was not very far from the border.

Mr. Martel: I realize where it is, I have all the pictures of the trees—
[12:30]

Hon. F. S. Miller: But, again, it's not a bad technique, and the sad part is that people argue as to whether the tree that was girdled should or should not have been girdled. That was the year when we couldn't give those trees away. We made the offer, if you recall, to anyone that said he thought those trees were either (a) merchantable as logs, or (b) useful as firewood, could have them. The challenge was thrown directly out.

Mr. Martel: From the park itself?

Hon. F. S. Miller: In Huntsville, which is nearer—and one of the operators from the AFA is in Huntsville—at least one small industry has started up recently—how successfully I don't know—buying culled logs that you've talked about and splitting them and selling them for firewood. I think it's a fairly automated operation now, from the pictures I saw of them handling them with fairly heavy equipment.

Mr. Martel: The only problem is that if the trees are dispersed throughout the park, financially it's not economical.

Hon. F. S. Miller: To go after them?

Mr. Martel: Yes. I'm just saying that if there's a way—

Hon. F. S. Miller: I think what Mr. Bird said was that you don't specifically cut it down for firewood. You cut it down and discover it wasn't any good as a log. Is that what you said?

Mr. Bird: And it's there and you've built the road to get there and you have the equipment to load it on a truck and haul it out, so what's happening now is it is getting loaded on a truck and hauled out and sold for the price of the trucking.

Mr. Lane: On a point of order, Mr. Chairman: Surely you're not going to interrupt me for a second time in a row on a matter that I've sat here for two and a half hours to put forth?

Mr. Chairman: We're going to sit until 12:40, Mr. Lane.

Mr. Foulds: Mr. Chairman, I would suggest if Mr. Lane has a point to make that we hear it.

Mr. Lane: There was nobody from the government party on this point. I was here at 10 o'clock. Many of the members weren't. I was all ready to talk before Mr. Martel. If we're going to rise in eight minutes I haven't got sufficient time to talk about what I wanted to talk about. This happened last week and it so happened that I did get back on to the topic that I wanted to talk about but with the uncertainty of this ministry's estimates coming back on again, I think this is very unfair.

Mr. Foulds: I would suggest we sit an extra 20 minutes.

Hon. F. S. Miller: I'm willing to sit as long as you're willing to sit.

Mr. Lane: If you guys want me to get through in five minutes, how come you take two hours?

Mr. Chairman: Go ahead, Mr. Lane. I can appreciate your frustration.

Mr. Martel: You said you were finished.

Mr. Lane: I was already on, as you recall, when you interrupted me.

Hon. F. S. Miller: I interrupted, John.

Mr. Lane: I don't think you heard my question, sir, because you were talking to somebody else at the time. I was referring to your hybrid poplar program. You brought some samples with you last year showing us how fast this wood can come from a seedling to a marketable tree. I believe it was five years.

Hon. F. S. Miller: No, 12 years. I think I had a five-year-old tree with me that you were looking at the sample of.

Mr. Lane: It was about eight inches in diameter.

Hon. F. S. Miller: The 10 to 12 years was the estimated time for a 14-inch diameter, which was somewhere in the range of size they thought they would want it to be. That's only one method of rotation of the hybrid.

There was another one which was called the mini-rotation which was usually a two-year cycle, I think, and the trees were cut down when they were in this kind of diameter size. I think they called it total tree

chipping, where they chipped them on the site rather than take them in as logs. They're actually just like chips from a sawmill.

Mr. Lane: You'd have to chip them with the bark on, wouldn't you?

Hon. F. S. Miller: Yes, and they're apparently able at that point to utilize the chips to at least a certain percentage of the total stock as supplied.

Mr. Lane: I understand the sample that you had last year was grown in eastern Ontario but there is no reason why they couldn't be grown in other places in the same time-frame?

Hon. F. S. Miller: Not necessarily in exactly the same time-frame or exactly the same cross of hybrid, but I would think that if the poplar had one advantage—in front of all the experts this is dangerous—it is that its habitat is pretty well the whole province, right up to the northern limits of the boreal forest, isn't it? I'm looking for advice, Charles. Nod your head up, down, sideways, or backwards. Was that reasonably safe?

Mr. Peacock: The hybrids we're working with in eastern Ontario are more southern oriented. They're the cottonwood and poplars that grow in southern Ontario, but it's true that poplars do grow throughout northern Ontario and a very good species of poplar too.

Mr. Lane: I'm a little concerned. As I recall, we had a five-year production period last year and now it's a 14-year period. Maybe we're talking about a five-inch or seven-inch diameter as opposed to 14.

Two reasons I want to talk about it is that we're short of fibre. There are an awful lot of people coming in and wanting some wood to cut and there isn't any wood for them. How useful is this going to be in providing fibre for the mills? Is it going to be fairly useful?

Hon. F. S. Miller: That's a hard question to answer. Right now the shorter kinds of fibre produced by hardwoods are not as desirable or a good many of the uses of pulp or paper and the industry has stayed with the long-bred woods, especially black spruce, over the years when it could get it. I've always argued that industry ends up adapting to the supply available, it adapts its technology. Whether it can do so at a profit remains to be seen. I think our ministry has stressed to the companies that they've just got to be looking for utilization of the poplar species because we have so much of it unutilized in the province.

It varies from locality to locality. In some parts of the province, like the chairman's area, there's a fairly steady demand for the poplar that's available, and in other parts of the province, I would think northwestern Ontario, you can hardly give the stuff away in certain parts. We have one or two plants up there, like Pluswood at Atikokan, using it, but in general the mills have not adapted to it.

You go down to southeastern Ontario, to Cornwall and Hawkesbury, they are pulp mills of older types that are basically living on hardwood and I believe you're using some blends in Thunder Bay, but I'm not sure.

Mr. Foulds: Not as much as in the north-east.

Mr. Lane: Do you see it as increasing use in the future?

Hon. F. S. Miller: I think so, only because it grows easily. It seems to grow whether we want it or not.

Mr. Lane: In my riding, and in other ridings I'm sure in northern Ontario, there's a great deal of land that was originally cleared, was farmed and was found not to be very effective for farming. I think it would grow trees under reasonably good conditions, and I'm just wondering how interesting or how much potential there would be for replanting this and trying to do some real active tree farming to produce fibres for the mill.

Hon. F. S. Miller: The sections of the province that we are experimenting in have a number of problems common to Manitoulin Island, I would guess.

Mr. Lane: Most of my farms are on the North Shore.

Hon. F. S. Miller: Yes, but these are farms that have become marginal as farming technology has changed.

You recall the ARDA program started in southeastern Ontario, I believe, because of this tendency for the farms to revert to nature. The purpose was to buy the land back, get them out of farming and then try and find some way of relocating the farmers.

As we acquired an interest in that land mass, there's been some good reason to look for ways and means of utilizing it. I would suspect that if we can make the processes work, and the feedstock for the mills acceptable in southeastern Ontario, then there would be real potential also for the Manitoulin area. That's just an extrapolation that may not be entirely accurate.

Mr. Lane: It just seems to me that it's a fairly short number of years required to pro-

duce this wood to usable size then a tree farmer could be planting and harvesting the same year, if he had 200 or 300 acres, on a continual basis where he'd have an income every year after the first 10 or 12 years.

Hon. F. S. Miller: Right. We tended to concentrate on its use for the pulp and paper industry or the lumber industry up to date. Don't underestimate the impact of hybrid poplar as a source of biomass for other uses, whether that be the production of methanol or whether it be feedstock for beef cattle, both of which are potentials. A lot of people never stop to think of the first-year crop of hybrid poplar as a feedstock for animals.

Mr. Lane: This was my next question, Mr. Minister. I was at a Canada-wide science fair in Sudbury the night before last, pinching for the minister, and I was making some remarks about the use of this hybrid poplar as a methanol fuel for the future. A young chap from Hamilton had driven his car to Sudbury on methanol fuel and he sought me out afterwards and was quite happy that we were recognizing the possibility of this being the fuel of the future.

Again, as you know, I had a bill in the House not very long ago complaining about the high prices of gasoline and I see the prediction here by the federal government that in 1990 the demand for oil would be about 63 per cent higher than it was in 1975. If this oil is available, 50 per cent of it would go for transportation and nearly two thirds of this amount would be for automobiles. This doesn't include trucks. In fact, city driving would account for half our transportation consumption, or about 25 per cent of our total oil requirements in 1990. Considering what the cost of imported oil is likely to be by 1990, we may literally drive our way through to national bankruptcy unless we develop new forms of transportation which don't need gasoline, and I am wondering how likely we can produce methanol fuel from hybrid poplar or other waste and how the costs would compare?

Hon. F. S. Miller: The equation will be one of when do the two cost curves intersect and cross each other. Currently, the methanol curve, I am sure, is rising as costs of cutting trees and transportation go up, but the petroleum curve is rising underneath it faster. The moment those two intersect, you have a reason to invest on a profit-making basis in the methanol business and a good reason to use it as a fuel. I have forgotten the actual calorific values of gasoline versus methanol, but I am sure they have equated them all to get you the dollar values for each.

I think \$1.25 a gallon was the last figure I saw for methanol, and from there on the odds are very good that petroleum will increase at a faster rate than the costs of producing methanol will. Therefore, methanol would become a preferred fuel. Methanol also has other advantages in that so far as I know it wouldn't contain any of the nitrogen or sulphur compounds which basically cause emission problems in automobiles.

Mr. Lane: Mr. Minister, are you saying that because of the cost of cutting and handling wood and so forth, the cost of methanol will probably be \$1.25 a gallon?

Hon. F. S. Miller: I think they said that was the price you would have to make it for today to be competitive with gasoline, or something like that. Or is that the cost today? That's what it cost today? Okay, so I think we would have to get Energy's figures. They have them.

Mr. Lane: It just seems to me that we are having trouble getting rid of our garbage and sawdust and other materials that you can use for this purpose, and maybe we could make it cheaper if we utilize our resources in that direction.

Hon. F. S. Miller: Almost every organic compound which decomposes produces methane.

Mr. Lane: As a matter of fact, if your ministry would be good enough to send me some background material on the hybrid poplar I would like to see it expanded in my area. I think there's a potential for it. We have the mills requiring fibre. If it's going to be used as a fuel, in the north we have got many more miles to travel to get anywhere than you do in other parts of the province, and certainly if it's going to be the fuel of the future we should be able to utilize it and we should be able to produce it.

Hon. F. S. Miller: I will go further and invite you or members of the opposition parties, up to whatever number we can put on an aircraft, to visit the hybrid plantation some time and see both the research going on and the trees growing.

Mr. Lane: I would like to take advantage of that invitation. Thank you, Mr. Chairman.

Mr. Chairman: We shall adjourn and I will ask the members of the committee to meet tomorrow night at 8 o'clock, at which time we will discuss Bill 48, An Act respecting Commodity Boards and Marketing Agencies, under the Ministry of Agriculture and Food. We've two hours and 45 minutes left.

The committee adjourned at 12:45 p.m.

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Resources Development Committee

Estimates, Ministry of Agriculture and Food

Second Session, 31st Parliament

Wednesday, May 17, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, MAY 17, 1978

The committee met at 10:05 a.m.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

Mr. Chairman: Ladies and gentlemen, we have a quorum. We are here to debate and consider the estimates of the Ministry of Agriculture and Food.

Mr. Riddell: A point of order, Mr. Chairman: I don't necessarily agree with those proceedings this morning and I would like to move that the committee now take into consideration the annual report of the Minister of Agriculture and Food for the year 1977. A few words of explanation for my motion would appear to be in order.

Firstly, members of the committee will appreciate that we on the Liberal side are not interested in considering all aspects of the minister's annual report at this time. We have invoked standing order 7 simply for the purpose of providing a procedural method for looking into certain trade practices which appear to be prevalent in the food industry which we suspect are not in the best interests of consumers and producers.

Technically speaking, therefore, we are primarily interested in the sections of the minister's report dealing with his ministry's marketing division, with the Farm Products Marketing Board and with the Ontario Food Council. It may be said these matters can as easily be considered under the estimates. We do not think so.

In the first place, it is possible only to question the minister and his officials under the estimates. We think it will be necessary to invite a number of persons from outside the ministry to testify on this subject. We so think it might be necessary to report to the House with a recommendation that the government constitute a commission of public inquiry—what is commonly called a royal commission—into this matter. Such report and commendation would not be procedurally possible if the committee is limited to a consideration of the estimates.

We appreciate the member for York South (Mr. MacDonald), and perhaps others, have already called for a royal commission. I may say, on behalf of the Liberal members, that we strongly suspect a royal commission is

necessary, but we are not certain as yet as to what the terms of reference for such a commission should be. We are concerned, for example, that the commission would not be vulnerable to a legal challenge that its terms of reference are beyond provincial jurisdiction.

A preliminary inquiry into this situation by the committee can, we believe, clarify that aspect. We also think it would be inappropriate, to say the least, to proceed with the estimates without knowing whether we are going to get the kind of royal commission we believe necessary.

The minister should understand he is in trouble on the question. We have not been satisfied with his answers in the House to date. We are not prepared to vote his estimates without knowing where we're going with respect to a public inquiry. In this connection, let me make it clear that we are not prepared to accept an inquiry by the Ontario Food Council. I think the reasons for this were clearly outlined by the president of the Ontario Federation of Agriculture, when he made the statement the other night that, as far as he is concerned, the food council were not doing their job. They have become "ineffective and irrelevant," if I recall the words that the president of the Ontario Federation of Agriculture made here just the other evening.

Mr. Chairman, as I've indicated, I think it's essential that we deal with this report now before going ahead with the estimates. I'm sure the NDP agricultural critic would have no objection to proceeding with the consideration of the annual report at this time. I believe the decision is in the hands of the committee, for, if I recall correctly, the NDP agricultural critic devoted his entire leadoff statement in 1976, during the consideration of the ministry's estimates, to the control of the food industry by a few large giants which is affecting prices to both consumers and producers. Little did he know at that time of the discount practices of these large food chains, but he did make special reference to the Weston conglomerate which includes Loblaw's, one of the food chains which is presently employing the discount pricing practices.

Finally, we are prepared to submit a list of persons and/or organizations we believe should appear before this committee by way of preliminary inquiry. At this time, however, let me simply assure the member for York South that our list includes the food chains, their appropriate officers and subsidiary companies. We believe there is a lot of explaining to be done and we would hope that the member for York South (Mr. MacDonald) will support us in that approach.

[10:15]

In that connection, let me recall some of the statements made by the member for York South. He said: "You have a growing number of middlemen who have crowded in between the farm gate and the supermarket checkout counter and more and more the consumer's dollar for food is being gobbled up by these middlemen."

He goes on and says that there are a growing number of them. "There are literally thousands of them, but the fact is that increasingly they are controlled by a smaller and smaller group of conglomerates. The concentration level of the top four supermarket corporations in Canada's larger urban areas is very high by any standard. There is a definite correlation between high concentration and high profits."

Let me give you a brief glimpse, for example, of the giants that he identifies in the province of Ontario, namely Weston/Loblaws, Argus/Dominion, Safeway and Steinberg. Those are the four giants. Let me give you a brief glimpse into two of them, and he goes on and explains how two of them are operating.

He goes on to say: "The competition among supermarkets has taken on a form that essentially differs from price competition," and he makes reference to a research paper, number 14, produced for the special committee on farm income and wholesaling and retailing of food in Ontario. It came out in 1969 or 1970. It happens to have been written by J. H. Wells and William Jansen, who you perhaps won't be surprised to learn is now the Deputy Minister of Agriculture in Manitoba.

It goes on to say: "We need a business practices act which will clarify acceptable and unacceptable trade practices." He goes on, Mr. Chairman, and indicates—if I can use the words of Shakespeare—"Something is rotten in the state of Denmark," or in this case, there's something peculiar in the pricing practices of some of the chain stores in Ontario.

I think that it's in the interest of the minister and those of us on this committee to look into those practices, to ascertain whether, indeed, there should be a judicial inquiry. I think this should be done now, as I indicated before, rather than wait until the estimates have been discussed and then deal with it, because it's just going to be a duplication of effort on our part. So I make the motion, Mr. Chairman, and I would hope that the committee would support it.

Mr. Chairman: Well, Mr. Riddell, first of all I must remind you that we are here to discuss the Ministry of Agriculture and Food estimates and we have been assigned by the three House leaders to proceed with the estimates. There's nothing on the order paper to indicate that we should have an emergency debate or whatever, as you suggest, and I feel that your motion is out of order but I shall call on Mr. MacDonald who wants to respond.

Mr. Riddell: Well, if I may speak to your response, Mr. Chairman, I checked with at least one of the House leaders and I trust Mr. MacDonald probably checked with one too. It's my understanding that it's up to this committee to make the decision which priority we take at this time, whether we go ahead with the estimates or whether we go ahead with my motion.

Mr. Chairman: I think we should proceed in an orderly fashion rather than helter skelter. As I say, we are here to discuss the estimates of the Ministry of Agriculture and Food. The problem you have pointed out under marketing is vote 1804, item 2, and I should remind you of that vote and item and that we should proceed, in my opinion with the estimates as originally planned. Then when we reach that vote, we could discuss the matter at the time.

Mr. MacDonald, do you want to make some comments, please?

Mr. MacDonald: I certainly did, Mr. Chairman. Forgive me if I gasp a little, I am overwhelmed with the solicitude of the Liberal Party for me and my record down through the years. I would just like to suggest that they have been too smart by at least one half. It is true that I raised all these matters three or four years ago. I knew of the skulduggery that is going on in the food industry, particularly in the chains. My problem was that I couldn't get the support of the government, which didn't surprise me, and not only could I not get the support of the Liberals, but I was told I was ideologically grandstanding, et cetera.

Mr. Wildman: They told us that you wanted to nationalize the food chains.

Mr. MacDonald: Mr. Chairman, just let me say that if you rule this out of order, we will sustain your ruling. If the motion is on the floor, my colleagues and I will vote against it. I want to explain why. First, let me read to you what happened in the House yesterday. After the Liberal leader introduced his petition and spoke briefly on it, there were our comments in Hansard:

"Mr. Nixon: Very sensible.

"Mr. Havrot: Hogwash.

"Interjections.

"Mr. Havrot: When will we grow up?"

That was the end. Mr. Chairman, I suggest to you that this resolution or petition hasn't even formally been accepted by the Speaker, let alone formally referred to this committee. It isn't before the committee at the present time. That's my first point.

Secondly, the business of this House is formally arranged, admittedly in gentlemanly roles, by the three House leaders. I have yet to discover exactly how mandatory are the decisions of the three House leaders and how compelling their decisions are. On Monday of this week the House leaders met and they reaffirmed that the Agriculture and Food Estimates would come before this committee next night, if there was any time left after consideration of Bill 48. They reaffirmed that it would come before the committee today and they added that it would come before the committee tomorrow night because the Minister of Natural Resources (Mr. F. S. Miller) isn't available for tomorrow night. The business is laid on and I assume it was laid on in the presence of the Liberal House leader.

The thing that rather intrigues me is that the motion and the petition that was introduced yesterday by the Leader of the Opposition (Mr. S. Smith) was dated May 15, which is Monday. In other words, this petition as drawn up on Monday, the same day on which the House leaders met. The Liberal leader—it's his privilege—didn't see fit to take the other House leaders into his confidence about what his party wanted to bring up this week. They were playing their games. That's politics. I'm not eschewing it. I will play my games on occasion. They were playing their games and they didn't take the other House leaders into their confidence so that this important matter could be dealt with at the present time. Therefore, I suggest we are under some sense of obligation to honour the gentlemen's agreement of the three House leaders and not breach it until they have had

a chance to consider it, presumably for next week's schedule.

Having said all that, let me say that I agree with the general objective of this petition. The Leader of the Opposition indicated yesterday when he introduced it that he wanted to discover by way of an initial inquiry here as to whether a royal commission is needed, whether a public inquiry is needed. Personally, I don't need to have any further inquiry here or anywhere else to be persuaded that we need a public inquiry, and I thank him.

As the Liberal critic reminded you, I first raised this in the House a full week ago. The evidence was piling up at that point that what is going on in the food industry is indefensible. We are still waiting after two weeks for a judgement from the Attorney General (Mr. McMurtry) as to whether it is illegal. I want to suggest if it isn't illegal, it is very close to it. It's unethical. I suppose maybe the problem is how you frame a judgement as to whether or not it is illegal.

We are still waiting for the judgement. The minister told us yesterday that he may be able to report tomorrow on what the Attorney General feels as to whether or not there is any legalities in this. I called for a royal commission last week because not only do we need to get the facts and confirm all of the rumours that are out there, but we have got to deal with another point that Peter Hannam dealt with—and it's a very alarming point—in his speech to the CAC the other night. That is that out in the food industry there is so much threat of reprisals and there is so much intimidation that at the moment you can't get people to speak.

I know of people who have assured me that they told people on the food council a full year ago about the two per cent cutbacks. They won't come forward and speak now because there is plenty of evidence if they come forward there are going to be reprisals taken against them from one or another of the very complex sectors of the food industry. The only way we are going to get at that kind of a situation is to have a public inquiry in which everybody is under oath, in which they are protected in terms of anything they testify and in which we will get the full story.

I refer to the kind of thing that is happening now with the Krever Commission. Every day we learn of some other bizarre goings-on in terms of how insurance companies, investigating companies or officers are getting confidential information out of the Ministry of Health or out of hospitals and things of that nature; and we would never have learned of

any of this if we hadn't had a royal commission. We'll never learn of what's going on in the food industry if we don't have a public inquiry.

Let me make one further point. If I could persuade the minister that there should be a public inquiry, I would much prefer to do that than taking a stab at it through this committee, because this committee is not equipped to do that kind of a job. First, if we're going to undertake that kind of a job, it's all very well to submit a list of names—and I might be able to add more names to that list of people who should be called—but that kind of a careful inquiry is going to get out of hand and will be a serious shemuzzle if we don't have a counsel. So we have to go back to the Board of Internal Economy to get endorsement or to get approval for having a counsel for the committee.

Second, if we undertake that kind of inquiry now, it's going to pre-empt this committee's work at least through to the summer recess. I seriously doubt whether we can afford to have this committee pre-empted from all of the other estimates and other serious matters, particularly when I have reservations about its capacity to do anything other than to begin to get into the problem and provide a prima facie case that we need a judicial inquiry. I think the prima facie case has been made.

I will say this to the minister: If the minister does not persuade his government to establish a public inquiry, he is being irresponsible. I say that bluntly and without reservation. What he is doing is sacrificing the public interest to his own outmoded ideological approach that the free market will solve all these problems when what we are learning is that the free market created these problems; this is the normal operation of the free market—

Mr. Turner: That's the way it works.

Mr. MacDonald: You're right, it's the way it works. That's why the free market, which complains about government intervention and regulations, is self-destructive. It makes it necessary for governments to investigate and then establish regulations, because it operates in such an uncivilized way in terms of victimizing everybody—the consumers, the producers and everybody else.

My suggestion is that we should proceed with the estimates; and, in the course of it, while I agree with the Liberal critic that you can't drag people forward and get them to speak, we can ask the questions through the minister, who can have the Ontario Food Council beside him. Just let me backtrack a

bit: I agree with the honourable member who has spoken and said that he has no confidence in the food council. I won't take the time now to go into that in detail, but the food council is as useless as the proverbial tits on a bull—an appropriate analogy in the agricultural estimates. I will document it, and if the minister doesn't believe it, he is trying to kid both himself and us, because I'm convinced he knows it's not fulfilling its job. However, we'll get into that later.

We can get into the estimates and at least we can make an initial approach to the food council and to the marketing agencies, which are part of these estimates. We can ask questions directly to the person, if the minister will permit—that has happened many times in committees when the minister has said to the head of one of his branches: "Give the questions directly to him; don't funnel them through me." So we will have an opportunity to ask questions and at least get some further confirmation of the prima facie case as to why we should have a public inquiry.

For all of those reasons, Mr. Chairman, I repeat, if this motion stands, we will oppose it. If this motion is declared out of order, we will support your position.

[10:30]

Mr. Hennessy: Mr. Chairman, I am very skeptical of the suggestion made by the Liberal member. Going back over last night they made a big hullabaloo over the amendment and took up a lot of time of this committee. The leader of the party was here and I guess he saw that things were not going right so he decided to leave before the vote was taken. It is nice to be a winner but you have to realize that you are going to lose sometimes too and you don't leave before the game is over.

One thing I noticed last night was that when the vote was taken the Liberal Party didn't even support their amendment. I think only one man voted for it; the other three didn't vote. They came along and voted with us, but they wasted about two hours of the committee's time on a senseless debate—they don't disagree with a proper commission being set up; I have to agree in this respect. But to do it the way they want to do it, to play political intrigue and to get a little mileage out of it and more or less delay the estimate and the worthwhile time—we have only so many hours to do them. You can't get anything done by trying to do something this morning. As far as I am concerned, I support the chair's ruling in this matter.

Mr. Riddell: Speaking further to the motion, Mr. Chairman, it never ceases to amaze

me how the member for York South can build up a case and then knock it down in the same breath. In my opinion, he has given every indication why we should be proceeding—

Mr. Mancini: You are an expert at it.

Mr. Riddell:—with my motion and looking into this whole matter of discounting practices. Furthermore, the minister's report was automatically referred to the committee yesterday. Let me make that clear. The report was automatically referred to the committee yesterday. If you don't agree with this I would suggest, sir, that you get a ruling on it, even if it means bringing in the Clerk of the House or the Speaker. I maintain that the minister's report was automatically referred to the committee yesterday and that it is something that we can definitely proceed with today if all members of this committee are in favour.

Hon. W. Newman: Mr. Chairman, I would like to make a few replies to some of the comments on the motions before us. It is my understanding from the order paper that we were to deal with estimates starting at 10 o'clock this morning. The Liberal critic has brought in a motion which in effect asks us to be a court of inquiry to see if there should be a further commission set up to study the whole matter.

I would point out—speaking against the motion at this time—that the Food Price Review Board had a good look at this whole situation, the Anti-Inflation Board had a look at the situation and I believe some time ago a Commons-Senate committee delved into the whole food industry. At that time, it didn't find anything major wrong with it. You talk about bringing in certain people before you but you never mention any of the marketing boards which I think are a very integral part of any sort of question that would come on before us here. Who are you going to bring in? You have suggested certain ones; we should be discussing that. We have 20 hours for estimates.

A lot of allegations have been brought forward. I only refer to the president of the Federation of Agriculture whom I have a lot of respect for. Peter Hannam is a very fine person. Peter has not brought forward to—I don't know if he met with your caucuses but he met with the government cabinet at the meetings we have had between the federation and the ministry. We have had very good working relationships over the past year and a half almost, meeting almost monthly to discuss matters that have been often brought up by the federation.

There certainly were a lot of allegations made in his speech in Barrie, I realize that. There have been other allegations made throughout the question period. I have indicated that I would welcome any information from anyone at any time, even on a confidential basis, regarding discounting practices or any other practices. I said that we would investigate it, if it was brought forward, on a confidential basis. We have not shied away from any specific incidents that have been brought to our attention quietly.

I think that the food council has done an excellent job. You have asked for the 1977 annual report to be discussed. We are quite prepared to speak to the items you referred to. Certainly, I feel very strongly that we have a job to do here in the estimates. I think most of it can be covered and at the end of the estimates if you want to do something further then that's fine.

As far as the legality goes, from what the member for Huron-Middlesex said I can't tell you. I'm not a lawyer. As to whether the petition which was filed under standing order 7 yesterday is entitled to come forward today or not, I'm in the hands of the committee.

I'm in your hands, Mr. Chairman, as to how you want to proceed on this matter. I'm prepared to proceed in any way you decide, but I know the order paper does call for the estimates. I'm not trying to run away from anything. I'm quite prepared to face any situation at any time. In all honesty, if any problems were brought to my attention, we have dealt with them and, I think, fairly and expeditiously.

I think one thing we're all forgetting is the Combines Investigation Act which is now being amended and which will now be called the Competition Act. It comes under the Department of Consumer and Corporate Affairs in Ottawa, which is very important. They have a lot to do with price-setting and trade practices. Let me point out that if you're talking about an inquiry in this province many of these companies you're talking about here today are interprovincial, Canada-wide distributors of certain commodities.

Maybe we should be looking at it that way, if you want to go that route. Maybe we should suggest, at the end of the estimates or whenever you feel, that the matter should be dealt with in another way. Maybe that's the route we should be looking at rather than just looking at Ontario. As you know, many of these conglomerates do business across Canada.

Mr. MacDonald: Do you think you will get the feds to do anything?

Hon. W. Newman: I'm not sure we will. That's what I'm pointing out.

Mr. Riddell: Let's take the lead for a change.

Hon. W. Newman: What I'm pointing out to you is that you're dealing with companies that are national in concept. But, as far as I'm concerned I'm in your hands and what you decide here is fine by me and the committee. I don't know about the legal ruling of standing order 7, whether it's appropriate at this time to come forward or not. I really can't answer that.

Mr. G. I. Miller: Do you not feel, Mr. Minister, because there have been a lot of accusations made in the House in the past two weeks, that it would give both the supermarkets and yourself a chance to clear the air? I don't think we should be making allegations one against the other because the supermarkets do provide a function for Ontario in providing a good food outlet. I would hate to think that we don't try to support that concept because they do provide a good service to the consumer.

In all fairness to the agricultural industry, I think the function of your ministry is to protect the agricultural industry—

Mr. Wildman: You bet it is.

Mr. G. I. Miller: —and, consequently, if they are brought forward and given the opportunity to speak it would help. Maybe it's legitimate but there still seems to be doubt. For the best interests of the producer and the industry as a whole, we should go forward.

It's interesting that the critic for the NDP, as my critic has pointed out, takes a strong stand that this should be accomplished. But because it just doesn't fall in line as he would like to see it, he doesn't want to support it.

Mr. Wildman: You just support his demand for a public inquiry.

Mr. G. I. Miller: But he wants to support it on his terms.

Mr. Wildman: He wants a public inquiry. You guys want to draw it out in here.

Mr. Chairman: Order.

Mr. G. I. Miller: Again, I would like to make reference to the committee that sat last night which our colleague from the Lakehead said was a waste of time. I assure you I don't feel it was a waste of time. I think that the people involved in that were good Canadian citizens and if we can't let the democratic system work then I think we're in deep trouble. That has been one of my complaints—that after 35 years of one govern-

ment there seems to be a dictatorship to some degree.

Interjections.

Mr. G. I. Miller: I withdraw that remark. That comment might be a little out of order and I will withdraw it. But I still think we have to make the democratic system work. I feel deeply about that. We do give the opportunity for those people to come forward and express their concern. As for my colleague bringing out a motion, he was working in what he felt were the best interests of the people he represented. They had a fair hearing, and the committee made a decision. I respect that. Our colleagues supported the decision that was made.

When you start being critical that it is a waste of time, I think it's only fair that they should have had that opportunity. I can only point out one further thing, that perhaps some good can come out of that hearing, because it's indicating that maybe we should check up on the marketing board.

There is money being made by the marketing boards which is adding to the cost of production. I think maybe it should be investigated. I said in the House and I say it again now that these things have been brought out for the best interests of agriculture and the consumer. With the motion our party has presented, we can go to the bottom of some of the problems that exist in the industry. We might have a healthier industry if allowed to follow through.

Hon. W. Newman: I'd just like to comment on a couple of those points. As I said before, there have been a lot of allegations made. The only specific instance is the two per cent discounting practice.

One thing I want to make very clear to you—and I think Mr. Hannam made it very clear in his speech—is that we have spent years and years to build and expand the marketing board systems we have in Ontario, and there isn't a commodity group in this province that can't have a marketing board if they want one. We need marketing boards to protect the primary producers of this province. If you're saying—and you said it this morning—that the marketing boards could be adding to the cost of food and that the farmers in this province are making too much money, I'd like you to say that loud and clear. I don't believe they are.

You have said marketing boards are adding to the cost of food production, and maybe they should be looked at. What you implied is that there may be something wrong there. We need marketing boards

and I've supported them all the way. If you tell me the farmers in this province are making too much money because they have marketing boards, I would strongly disagree with you.

Mr. G. I. Miller: I didn't say that, and I want to clarify it. I don't want you to turn it around.

Mr. Mancini: That's a straw man and you know it. He didn't say that.

Hon. W. Newman: The records will show that they're indebted—

Mr. Chairman: Do you have any further comments, Mr. Miller?

Mr. G. I. Miller: I just want to clarify one point, that I support marketing boards. I'm not saying that farmers are making too much money, because I farm myself. I know what we've made. I know better what marketing boards have done than perhaps you do.

Mr. Ruston: He knows more about it than the minister.

Mr. G. I. Miller: We've never made an excessive profit. I want to support the industry, but I want it to be on strong grounds. I want to encourage it to grow, and I think we can do that.

Mr. MacDonald: I have just two brief points that I want to make.

I am not going to be deterred by some of the comments of Mr. Riddell and others. My interest in this topic is in the record for the last four years. It isn't an interest that was created this week or this month. I was aware of these conditions. It's taken me four years to persuade the Liberals that they should be doing something about this and supporting marketing boards. Their interest is a little belated.

The second point I want to make, very emphatically, is that I'm not opposing this petition. This petition will be before this committee at some point. I'm saying to the minister, if you cannot be persuaded during consideration of those sections of your estimates where we can come to some insights as to what's going on—namely, the food council and the marketing division—then after the estimates are over, this petition will come forward. If you won't set up a judicial inquiry to do a decent job, we will have to do it here in this committee, with all of its inadequacies.

That's a little point for the minister's consideration.

Hon. W. Newman: I don't want to prolong this, but I think the discussion we're having here this morning is very important. I think, Mr. MacDonald, I did mention that

if you want to question any one of my officials during these sessions, subject to the chairman's approval, I have no objections at all.

[10:45]

Mr. McGuigan: Mr. Chairman, I wish to support the motion of my colleague, Mr. Riddell, because I believe that, if I can paraphrase John Dean in the United States, "perhaps there is a wart." I am not going to use his terms because I don't think it is quite at that stage yet. It seems to me there is a wart growing, not on the minister, I want to be as kind to the minister as I possibly can, but on the industry, on all of us.

In Ontario we have the finest farm marketing legislation, I am sure, in North America, in fact, all of our legislation. I have been to many conferences in the United States and I have travelled in Europe and elsewhere, and I think that we have the finest legislation here in this province. The American people, especially the farmers, look with envy on the system we have. Therefore, I want to preserve that system.

The allegations and suspicions that exist in the province today have long foundations going back to the '60s when a study was made of this subject. It has never really been resolved. The recommendations of that committee were not carried out. I think that this wart is of sufficient importance that we should cast aside our estimates and deal with it. If we destroy the social contract, I believe we can call it that, that we have here in Ontario between consumers and producers, that we agree a certain system is the right system for selling our products, we are going back to anarchy in the marketplace.

Last night you saw a good example of the support there really is to our system. We had an amendment that would have compromised the situation and many of us had a problem in dealing with it because we didn't like the retroactivity aspect of it. As citizens, we didn't like it. But when we listened to the evidence of Mr. Zoneveld we couldn't come to any other conclusion than the one reached. He destroyed his own case.

So we have this strength, this appreciation of the system here in Ontario. I feel we have a wart growing on it. The only way to prevent that from becoming a cancer is to lay these things out in the open. I would make an impassioned appeal to the minister to prevail upon the chairman to set aside the duties at hand and solve this problem.

There was mention made of the Food Prices Review Board. I studied that final report and one of the pertinent things Mrs.

Plumptre said was whenever quota values reached anything more than a nominal figure it was an indication that the price is too high. I think she is correct if that happens. That lady I believe has dug an open grave. If we are foolish enough to fall into it, then we deserve our fate.

We have in this industry the allegation that perhaps the price is too high and we can afford to pay unearned discounts and brokerage to people who are not performing a brokerage function. We cannot tolerate that situation or allow it to prevail.

I would like to speak of food brokers. I have been in the food business all my life at several levels, not just as a producer, but as a wholesaler and, in my capacity as president of a local co-operative, in processing and shipping overseas. There are many fine food brokers in this province and I wouldn't think of entering a deal without using the services of these people. I could give you many good examples of where they saved the day for us because of their special knowledge. In the United States it is recognized in law that you cannot be both a buyer and a broker. We saw last night that you can't separate the left hand from the right; nor can you be a broker and also a buyer. Yet it would appear from the allegations in Ontario that we have people doing exactly that.

I cut out a piece from an American paper last night and it had a purchasing manager from one of the Ontario companies advertising pieces of equipment they put in railcars to record the temperature in railcars being shipped from the United States. It was the buying manager of one of the chain companies here in Ontario, clearly indicating that this company buys direct—they would buy direct from California, Florida, Arizona and Mexico, therefore they do not require the services of brokers in many instances. Yet the allegation is that they have set themselves up as having a brokerage arm to their company. They don't require it, they buy direct.

We have the matter of discounts—and again I don't hold the United States marketing system up as nearly as good as our own, but they do have some commercial law that is better than ours. I understand there they say if you offer a discount to one buyer you must offer that discount to all buyers.

One of the results of this system is that in Canada about 75 per cent of our grocery trade is handled by the chain stores—four or five major chains—whereas in the United States only about 35 per cent is handled by these corporate organizations.

Perhaps all of the results are not due to—

Mr. Chairman: Mr. McGuigan, I think we are here to discuss Mr. Riddell's motion, and I think you have covered the area quite well. I have ruled Mr. Riddell's motion out of order, and we have had enough discussion on this right now. We have taken up 50 minutes and we are not getting anywhere with the discussion. The point is I have ruled it out of order and shall have a vote on it as of now.

Mr. Mancini: Mr. Chairman, on a point of privilege, you should at least allow one of the members whose area might be involved with this to speak on the motion.

Mr. Chairman: I have allowed everyone to speak here.

Mr. Mancini: You have not allowed everyone to speak. I was trying to speak and you cut me off.

Mr. Chairman: I have ruled that the motion is out of order.

Mr. Mancini: Why are you disallowing one of the members of the assembly to speak to the motion?

Mr. Chairman: Because I can't see where we are going to get any further ahead with this discussion.

Mr. Mancini: It is important.

Mr. Chairman: We can spend the whole morning on it and we are still not going to accomplish anything.

Mr. Mancini: I think as the member of the assembly who represents the riding of Essex South it is important for me to get my thoughts on the record.

Mr. Chairman: You will have all kinds of time to discuss this in the estimates.

Mr. Mancini: I think it is important for me to get my thoughts on the record in this matter.

Mr. Chairman: The motion is before the members of the committee.

Mr. Mancini: I think it is unprecedented for the chairman to disallow a member—

Mr. Chairman: It is not unprecedented; I have been extremely fair with everybody here.

Mr. Riddell: Mr. Chairman, on what basis are you ruling the motion out of order?

Mr. Chairman: On the basis that this matter should be discussed under vote 1804, item 2, marketing.

Mr. Riddell: Mr. Chairman, if you are using the member for York South's comment that the minister's report is not before the committee at this point in time, then I would urge you to have the clerk check with either

the Clerk of the House or the Speaker to get a ruling on this matter before we proceed.

Mr. Chairman: Your motion, Mr. Riddell, covers marketing, and vote 1804, item 2, is under marketing. When we reach that stage then we can discuss the marketing problem and the aspects under marketing.

Mr. Riddell: With all respect, Mr. Chairman, as I indicated, we can't bring before the committee the people who we feel could make a contribution if we do it in the consideration of the estimates.

Mr. Chairman: The point is, through the House leaders, as Mr. MacDonald pointed out, we had all agreed that the estimates would proceed in a normal and orderly fashion. What you have done here is thrown a monkey wrench into these estimates this morning.

We are trying to proceed in an orderly fashion. If you want to make another proposal, then it should be through the proper procedures.

Mr. MacDonald: How can we proceed? You ruled it out of order.

Mr. Riddell: If we challenge that ruling, what does that mean, Mr. Chairman?

Mr. Pope: We'll have a vote on it.

Mr. Mancini: You have allowed some members to speak on this motion.

Mr. Chairman: And they've been your own members.

Mr. Mancini: No, you have allowed Mr. MacDonald to speak twice on the motion. Yet when you have a member whose area is involved with the problem, you have cut him off.

Mr. Chairman: I have ruled Mr. Riddell's motion out of order.

Mr. Riddell: I have to challenge that ruling, Mr. Chairman.

Mr. Chairman: I suggest that we move ahead with the Ministry of Agriculture and Food estimates as we agreed upon.

Those in favour of the Chairman's ruling, please signify.

Those against, please signify.

The chairman's ruling is upheld. We will now proceed with the estimates of the Ministry of Agriculture and Food.

Mr. Riddell: One more point of order, Mr. Chairman. Before we start, my colleague, Mr. C. I. Miller, indicates to me that before the meeting started he spoke either to you or the clerk to point out that he was substituting for one of the members of the committee.

Mr. Chairman: That is not true. The rule is that unless otherwise ordered, substitution be permitted on all standing committees,

provided that notice of substitution is given to the chairman of the committee prior to the commencement of the meeting. We were not notified until about half an hour after the meeting started.

Mr. Riddell: Mr. Miller indicates that he did notify you.

Mr. G. I. Miller: I spoke to you, Mr. Chairman.

Mr. Chairman: I don't think we are going to accomplish anything by this.

Mr. MacDonald: I move that Mr. Miller be seated by the unanimous consent of the committee.

Motion agreed to.

Mr. Chairman: I will call on the minister to make the opening remarks.

Hon. W. Newman: Mr. Chairman, and members of the committee, for the 1978-79 fiscal year the Ministry of Agriculture and Food has estimated its budget requirements at about \$195 million. Agriculture is one of the most indispensable industries that make all the others possible. The government recognizes its vital role in our economy. That is why, in spite of the stringent constraints on government spending, increases in this ministry's commitments have been allowed to average 14 per cent over two years.

Ontario's farm production has more than doubled since the Second World War, even though we have fewer farmers today than we had then. We have the land, we have the farmers and the know how to continue this rate of increase for the foreseeable future. It could even be stepped up further if necessary. However, the formula for success isn't complete unless farmers can earn a decent living by staying on their land.

It is absolutely essential that we provide a healthy economic climate for a sturdy and enduring agriculture industry that will keep them on the land. Our policies are based on a self-help concept. We provide programs to extend financial, technical and administrative assistance to farm people so they can improve their own business in their own way. Our role is not to regulate agriculture but to support it as a free enterprise.

I would like to draw special attention to a few of our programs this morning. Beef producers have had a rough ride over the last few years. The beef-calf stabilization plan that we have had in place helped keep the industry going until market prices improved just recently. In the previous three years of the provincial program, we have made a total net payment of more than \$55 million to the cow-calf operators of this province. We

are continuing this program, but the outlook for beef is more encouraging and I hope producers will soon be getting adequate returns from the market, the way they want it, without stabilization payments.

I know many shoppers are upset about recent increases in retail beef prices. These increases may seem somewhat steep, but only if you compare them to the depressed price levels of 1976 and 1977, when producers lost millions of dollars. They certainly aren't unreasonable when you consider prices over the years in relation to earning power.

[11:00]

In 1950, the average price of beef was only 66 cents a pound. I think that figure is wrong, I'm sorry, but for the average industrial worker that represented an hour and 20 minutes' work. Over the years, wages have gone up more than food prices. As a result, it takes only half an hour's work to buy a pound of beef at today's prices. If you look at it that way, beef is just a little more than one third as expensive as it was in 1950. As a matter of fact, considering the percentage of disposable income Canadians spend on food, we enjoy better bargains in food than people anywhere else in the world, outside of North America.

Although farmers are getting better prices for their beef now, we must not be lulled into complacency about the industry's future. I have been pressing the federal government for a meat import law to protect our producers from the surpluses of other countries, especially Oceanic countries, and I intend to keep up that pressure. We should not be lulled at this particular point in time because prices are a little better now.

One way to help level out the peaks and valleys of market prices is through farm income stabilization plans. Participating farmers contribute to commodity funds in years of good prices and draw compensation payments for years of poor prices.

For the grain corn stabilization fund that was established last year, we are allocating \$5 million in our estimates. Corn is Ontario's biggest crop, covering almost 2.5 million acres, and more than half of our growers registered for the plan last year.

The Ontario Farm Income Stabilization Commission is offering a three-year plan for the years 1978, 1979 and 1980, very similar to the 1977 plan. It is integrated with the federal grain corn stabilization program, so only one application form is needed and paperwork is kept to a minimum.

The stabilization commission is also looking at the possible need for a plan to cover other

farm products. Any commodity marketed in Ontario is eligible under the 1976 legislation if producers ask for coverage and the commission sets up a plan for it.

Last year's unusually heavy rains served as a reminder of how helpful crop insurance can be to the farmers and how helpful it has been over the years. More than \$9.5 million was paid out for white bean claims alone in Ontario in the past year. Last year, crop insurance endorsement reached a level exceeding 26,000, up more than 3,000 from the previous year. I am hoping, as the days and months go by, that even more producers—and we are encouraging them—will take out insurance against bad weather that can damage crops or even wipe them out.

Since each farmer is insured according to his own average farm yield, he gets protection suited to his operations. He pays only half of the subsidized premiums. Another reason for the program's popularity has been the tailoring of plans to suit the various crops and the producers' needs. The Crop Insurance Commission of Ontario, which is composed of farmers from across the province, meets regularly to revise and update insurance plans as production practices and needs change from year to year.

This year's total crop insurance liabilities are projected at close to \$260 million. Ten new crops have been added to the program; they are winter barley, fresh market tomatoes, strawberries, sweet corn and six vegetables for processing: cucumbers, pumpkins, squash, cauliflower, cabbage and carrots. In addition, last year's hay and pasture insurance is being renewed. The province has not contributed directly to the insurance fund; instead, we pay the administrative costs, including commissions to salesmen. These costs will run to about \$2 million for 1978-79.

The importance of proper field drainage can hardly be overemphasized. It can increase production of some crops by 40 or 50 per cent, and in some cases maybe even more, depending on the soil and other growing conditions. It also improves crop quality and gives farmers a wider choice of things to grow. We have seen a tremendous upswing in tile drainage installation in recent years and our assistance towards this work has become one of the ministry's most popular programs.

In 10 years the government has committed \$95 million to loans for drainage installations, while our farmers themselves have contributed \$75 million. The resulting intensive drainage of 1.2 million acres has played a large part in the mark-up of re-

markable productivity gains of Ontario's agricultural industry.

This year we have budgeted \$18 million for this program. As you know, a farmer can get a 10-year loan from his municipality for up to 75 per cent of the cost of installing tiles. He pays six per cent interest on his loan, and the province pays the difference between his rate and the current bank rate. We expect the interest subsidy in this program to amount to \$3.8 million. There has been such a remarkable increase in the use of this legislation in the 1970s that in the last two years we have had to place a ceiling on the amount to be made available to municipalities. Of course, we'll continue this policy this year, as you can see by the estimates.

The ministry also provides grants amounting to one third of the cost of municipal drainage outlets to serve the farm drainage systems. We have provided \$45 million towards this work in the past decade and we are asking for an additional \$4.5 million for the coming fiscal year.

For capital grants to farmers, we're allocating \$10 million, the same as last year. These grants pay part of the costs of various installations—with which I'm sure you're all familiar—such as barns, silos, bulk milk tanks, et cetera.

The farm tax reduction program rebates half the property taxes paid by farmers who produce at least \$2,000 worth of farm goods annually. For the current fiscal year, we have estimated our need at \$52 million. This is an increase of \$9 million over last year.

This system benefits all of our commercial farmers equally, no matter where they're producing, and its particularly helpful in many areas where farming has to be carried out in the urban shadow and where farmers would probably not otherwise be able to afford the taxes. As a matter of fact, it has been responsible for bringing prime farm land into production, in some cases, in areas near our urban developments.

One of Ontario's soundest investments is the one we make in our young farmers. Through four agricultural colleges and the University of Guelph, we intend to invest about \$5.3 million this year to educate the farmers of the future. We get an excellent return on this expenditure. More than half of the graduates go into primary agriculture and the rest are readily employed in related industries and services, and the whole agricultural food complex benefits from this. I understand that at the graduation exercise in one of our colleges the other day every student at that particular college—I believe it

was Centralia—left school with a job, which speaks very highly of our agricultural institutions.

The five institutions I mentioned are training about 1,300 students a year and enrolments have been increasing annually at record rates. Last year they were up another 11 per cent over 1976.

I take a certain amount of pride in the fact that Ontario's agricultural research and education budget is the most extensive in Canada. It has increased 75 per cent in the last five years, which in a period of austerity indicates the importance we place on sowing the seeds of future growth in agriculture.

To maintain our commitment to research for progress, we have budgeted \$20.5 million this year for everything from feed research to pesticide evaluation, from new crop varieties to energy conservation techniques. The areas of special emphasis in research are always changing in response to new problems that arise, or to the need to adapt research advances made elsewhere to suit Ontario's purposes.

A great deal of emphasis these days is placed on ways of conserving energy in various phases of agriculture. We shall continue that stress on projects involving energy conservation in such areas as crop drying, tillage, harvesting, barn ventilation and greenhouse production. Other current areas of high priority in research include soil erosion, forage production and animal reproductive efficiency.

We certainly have no money to spare for ivory tower research. The Agricultural Research Institute of Ontario oversees our program to ensure that all the individual projects are, in fact, yielding promising results and to ensure that our allocations are spent wisely.

Many other programs certainly deserve special mention and we'll learn of their accomplishments as we proceed through the estimates.

For now, I'd like to single out only one more program, and that is our newest: Foodland Ontario. We've seen very gratifying results since we launched the campaign last November to promote sales of Ontario food products. After our Christmas turkey campaign, Ontario turkey sales hit an all-time record of 62 million pounds, an increase of three million pounds over the previous December.

We had a special promotion of Ontario-grown winter vegetables. The various retail food chains later reported sales increases ranging anywhere from 40 per cent to 1,200 per cent over their usual levels.

Earlier, joint promotions were credited with marketing Ontario's entire crop of fresh grapes and selling 50 per cent more McIntosh apples than in the previous fall. With our promotional program on canned fruit, preliminary reports showed increases of anywhere from 25 to 100 per cent. One of the major processors has told us that he has been able to move out his inventory to the point where he'll have only enough left until the new canning season starts.

All of this adds up to an extremely ambitious program operating with a very small staff. We are delighted with the support we are getting from every sector of the industry. We feel confident that the program will continue gathering momentum. We are asking for \$1 million for 1978-79 Foodland Ontario program of product identification, consumer advertising, merchandising and share-cost programs with marketing boards.

The importance of these programs can hardly be overestimated. A survey conducted by the ministry indicates that most Ontario shoppers want to buy domestic food products rather than imports. We are alerting them to good buys in foods produced and processed in Ontario. We are showing them where to find these products in the supermarket. We are helping consumers to support our own agriculture industry so that it will remain a strong and thriving industry in this province.

In this regard, there is a crying need for sweeping reforms in Canada's tariff structure as it affects farm products. It was a relief to hear the recent announcement that the federal government is finally taking steps that we have been demanding for years to provide some tariff protection or some tariff equity in some cases for our fruit and vegetable industry. If they are carried out effectively, the recommendations of the Tariff Review Board should provide a wonderful boost for our growers and processors in the horticultural industry. However, they should be regarded as only a first step in the right direction.

Ever since my appointment as Minister of Agriculture and Food, I have been pressing Ottawa for a whole series of improvements in our agricultural trade and tariff position. It has been encouraging to see farm organizations and other provinces swing their weight behind this campaign. We have ensured that the interests of Ontario agriculture are properly represented in the current multi-lateral trade negotiations in Geneva.

In closing, I would like to assure you that we will continue to keep a close watch on these international talks. I hope our insistence

will bear fruit this year in tariff and non-tariff improvements for the farmers of Ontario and all others who depend upon them.

Mr. Chairman: I will now call on Mr. Riddell, the Liberal critic.

Mr. Riddell: It is all very well to list to the excellent programs of the Ministry of Agriculture and Food, but as long as producers have to produce food at a price dictated by a few large chain stores, as long as suppliers have to supply food at a price dictated by a few large chain stores and as long as consumers have to purchase food at a price dictated by a few large stores, the programs of the ministry are really meaningless.

You talk about educating our young people to go back to the farm. To go back to the farm to do what? To produce food at a price again dictated by the chain stores. You talk about a stabilization program in the province to compensate farmers. To compensate them for what? For the difference between what they should be making in a competitive market and what they are making in a market where we think there are some questionable trade practices being carried on.

Let the record show that the Liberal Party took steps today to enable a legislative committee to review the buying practices of the food industry in Ontario. The Liberal Party petitioned the Legislature to refer the annual report of the Minister of Agriculture and Food to the standing committee on resource development. I will not accept the fact that the report is not properly before the committee at this point in time. I still insist that the clerk get a ruling from the proper authority on this particular matter because I don't want the NDP and the Tories to hold this against us to try to block a review which we think is necessary.

Since the raising of the question of chain stores demanding rebates or kickbacks earlier this month by my leader in the House, let the record show that it was my leader who first brought this matter up in the House. I wasn't Mr. MacDonald, as he intimated in his comments earlier on.

Mr. MacDonald: I did not.

Mr. Riddell: It has become obvious that some kind of review is necessary to ensure the interests of consumers and producer are not being threatened. The committee is the most effective way for us to look into the matter. It would be able to question the Minister of Agriculture and Food, senior ministry officials and people in the food industry

and then determine whether a much broader, more intensive public inquiry was needed.

[11:15]

The president of the Ontario Federation of Agriculture raised serious questions about these principles, and I will comment on these a little later. He says the rebates can go as high as 10 or 15 per cent, that suppliers are charged many times the real cost of co-operative advertising, that food manufacturers must pay listing fees to even get their products into the supermarkets, and that the whole industry lives in fear of reprisal, of not having their goods purchased if they speak out.

It is in the public's best interest that we learn more about these and other practices and their effects on food prices and fair competition in the marketplace. But let the record show that the NDP and the Tories blocked our attempt to have this review conducted at this time.

Mr. MacDonald: You're grandstanding.

Mr. Riddell: I don't think I need tell you that there is a genuine concern on the part of many food producers, food suppliers and, I will assume, most consumers, if they were aware of the food-pricing practices of some of the chain stores in Ontario. Although discount pricing has apparently been going on for some time, it was first brought to my attention—

Mr. Wildman: By Donald MacDonald.

Mr. Riddell: —in a CBC Radio Noon report given by Barbara Klisch on April 28 of this year. Each week CBC Radio Noon gives listeners a rundown of supermarket prices of various commodities. After hearing another of these reports, a concerned grower called the reporter and expressed his concern with the situation that he felt CBC Radio Noon should be conversant with.

It seems to me that this grower did try to go through either you or one of your officials, all to no avail. As a last resort, he finally went through the CBC Radio Noon show. That stands to be clarified and I intend to find out whether that is the case; but that is the indication I was given.

The grower concerned told CBC Radio Noon that growers and shippers were often asked for a two per cent discount on produce by some supermarkets. That two per cent discount is apparently used by the market to promote the produce either through a newspaper ad, circulars which are distributed door to door, or in-store displays. As well, he said that he had the word that this year the two per cent could jump to three

per cent; and he is wondering what is going to happen next year and the year after if this practice is allowed to continue.

Again, we wanted to try to look into this practice to stop it; but again we were blocked from carrying out our review.

Also, the grower says that consumers should know that the grower often receives very little after the two per cent rebate to the stores; after a commission charged to the shipper for handling, storing and shipping; an additional percentage if the shipper has to pack the goods, such as tomatoes or cucumbers; and a token amount to the board which markets the produce. After it is all added up, there isn't very much left. As the grower says, "The consumer is always paying more. Certainly that two or three per cent will be tacked on to her grocery bill."

Where has the Ontario Food Council been? It has been allowing all this to happen. We asked two supermarkets about these practices. One told us that the produce buyers could not give out information, that we would have to talk to someone involved with store policy. We didn't get an answer. Another supermarket was quick to respond. They said they do not ask anyone for anything. Growers and shippers approach them with programs to sell the produce, and if those programs mean an undercut of two per cent, that's it. That's the way they do business.

We asked if a grower not giving in to a percentage discount would receive less preferential treatment, and we were told, "No, never." We then spoke with a number of people in the growing industry, and I have also spoken to a number of people on various commodity boards and various farm associations. We were assured that this is indeed a widespread practice and that there is a lot of concern about it. One man said that if you have a load of ripe produce, you can't get much in dollars and cents out of high morals. They don't fit very well on the dinner table. So you are obliged to give in to this percentage discount. Another grower said that different terms are used to describe the practice of rebate. Some stores are calling it a warehouse discount. Some refer to it as a normal cash business discount.

If it is a normal method of doing business, some growers are asking, why isn't it right out in the open and why isn't it with every chain? We must ask too if it is as widespread as we found in just phoning around, why hasn't the Ontario Federation of Agriculture, which represents growers and their boards, brought it out into the open? It is out there now, and I give Peter Hannam a

lot of credit for bringing it out into the open. If the stores need two per cent to promote Ontario produce why has the Ontario government been spending \$1 million to do it with the Foodland program? By the way, this program sometimes, through the supermarket ads, promotes foreign produce instead, and that has been brought to the minister's attention.

An hon. member: By the NDP.

Hon. W. Newman: Two per cent. A two per cent error in printing. Come on.

Mr. Riddell: CBC Radio Noon apparently asked you, Mr. Minister, about the story and you expressed concern. You said any grower who has ever been subjected to an involuntary discount in order to get his produce into the stores is welcome to visit you in confidence. You said you were deeply concerned and you would certainly like to know more facts. So there is the invitation, and certainly consumers should be equally concerned. Ultimately they are the people paying those extra percentages at the checkout counter.

I don't know, Mr. Minister, whether you were aware of the pricing practices of the chain stores much before we raised the question in the House but I am convinced that if you weren't your ministry officials were. Once again we were prepared to bring this out in a review, because we have it from pretty good authority that either you or your ministry officials knew about this last July. This has been pursued in the House and you have been using the Sun Parlour Co-op and the marketing board as a red herring.

Sure there was a dispute. They came to Toronto to try to resolve the dispute. At the same time, but quite apart from that dispute, discount pricing practices were brought up. I can't understand why it was simply ignored. This is something I wanted to pursue further had the NDP and the Tories permitted us to go ahead with this review, which should be done at this time.

Mr. Mancini: They blocked justice, that's what they did.

Mr. Riddell: My leader raised the question in the House to ascertain what inquiries the Ministry of Agriculture and Food made about discount pricing and how widespread the practice was. The minister responded by saying the discount is negotiated but that the practice wasn't being employed to promote Ontario produce.

Since the question was raised in the House, the Ontario Fruit and Vegetable Growers' Association put out a news release indicating that Loblaw's had been deducting two per

cent from the cheques it issues to pay growers, shippers and packer/shippers for Ontario produce. No explanation was given on the cheque for the deduction. Loblaw's buyers have been charging this fee on behalf of the chain for over the last year. Dominion's were just starting into the program when the thing was finally brought out into the open.

Since the matter came out in the open, the chief produce buyer for Loblaw's said that the chain would stop discounting the price paid for Ontario fruits and vegetables immediately. This makes one mighty suspicious. I use the words of Shakespeare, as I did before, that something is rotten in the state of Denmark. In this case something peculiar is going on in the chain store method of purchasing farm produce.

Apparently the OFVGA have known for some time that this discounting practice was going on, but the minister allegedly only learned about it just prior to the question being raised in the House by my leader. I find it appalling, Mr. Chairman, that the minister did not know about this practice one year ago. Surely it is the responsibility of the Ontario Food Council, a branch of the Ministry of Agriculture and Food, to monitor and keep abreast of the food pricing practices and to inform the minister of any unfair or peculiar business practice on the part of the retailers.

Glancing through your annual report, there is mention made of the Ontario Food Council administration and the Farm Products Marketing Board administration. D. E. Williams—I trust he wrote the report for the Ontario Food Council—states and I quote: "The council reviews matters which are of concern to the total food industry and represent producers, processors, distributors and consumers."

Further on in the report he states: "A complaint concerning an overpayment and rebate scheme for meat purchased by a supermarket chain was investigated under section 6 of the Act and, as a result, the scheme was terminated." Dr. Collin, chairman of the Farm Products Marketing Board states in his report, and I quote:

"The Farm Products Marketing Board meets frequently with representatives of the producer commodity boards and processors or buyers to review developments in the production and marketing of regulated farm products. During the year, the board held 66 formal meetings—more than in any previous year."

You can't tell me, Mr. Chairman, that the chairman of the Farm Products Marketing Board, or some of the officials, did not learn

a year ago, maybe even longer, of the discount pricing practices employed by the few chain stores in this province.

Surely, the Farm Products Marketing Board has a responsibility to look into any complaints of producers who market their products through a commodity marketing board. It is my understanding that discount pricing was brought to the attention of the Farm Products Marketing Board and, once again, such concerns must not have been brought to the attention of the minister. Either that or he is putting on an awfully good front in answering our questions in the House.

I have reason to believe that the minister didn't know. I have a lot of respect for the minister and I don't think he would say something that wasn't right. So I'm inclined to think that your people are not keeping you informed. I can tell you that if it was still the previous minister sitting in that position, he would raise proper hell with his officials if they knew something and didn't bring it to his attention. I know Bill Stewart just that well.

Without going on at much greater length, I hope I have convinced the members of this committee that a judicial inquiry is needed. I was hoping to convince the committee earlier on that we needed a review by this committee to ascertain whether a judicial inquiry was needed. But obviously, we're not going to get the support of the NDP or, certainly, the Tories, on it so maybe the minister will use his good judgement and ask for a judicial inquiry without this committee having to go through the preliminaries. However, we'll see what takes place after these estimates are completed.

Mr. Chairman, I'm sure you're aware of the condemnation of the Ontario Food Council by Peter Hannam, president of the Ontario Federation of Agriculture, stating that the council who are supposed to be monitoring what is happening in the food chains are just not doing their job. He also said the Ontario Food Council is ineffective, out of date and irrelevant. These are pretty stiff charges, Mr. Chairman, and ones which I think this committee must address itself to. Once again, I was hoping this could have been done by a review of the minister's report but here again we weren't able to go ahead with it.

[11:30]

Peter Hannam, the chap I referred to as president of the Ontario Federation of Agriculture, threw out a challenge to the members of the food industry to come forward to the Ontario Federation of Agriculture with

further details on the existing unsavoury merchandising practices so that, and I quote, "we can help clean up this mess."

Speaking at the annual meeting of the Ontario branch of the Consumers' Association of Canada, Peter Hannam said, "Both food producers and processors were facing questionable retail advertising practices, excessive discounting and unnecessary bureaucracy in their dealings with some food chains. Unfortunately at this stage we cannot name names," now this is Peter Hannam speaking, "because jobs are at stake.

"From the information made available to us, it seems the whole food and processing industry lives under an unstated but real threat of reprisals. People are afraid to speak out. Farmers' food prices are public," Mr. Hannam added. "The price of food to the consumer is public. Yet what happens in between is unknown, confusing and suspect. The picture needs to be clarified. The least we can ask is that all merchandising practices be fair, honest, open and above-board."

Mr. Hannam explained that the result of these practices was the stranglehold a few corporations have on the food industry. This tends to limit competition at the retail level, to weaken independent grocers and to make it easier subsequently to buy them out. He added, "Few new grocery retailers or food processors have started businesses in Ontario in the last few years, while scores have folded or been bought out."

I don't know whether this concerns the Conservative Party, because they're a party that believes in bigness. That's the difference between the Conservatives and the Liberals. The Liberals believe in the small industries. We believe in giving the small businessman a chance.

Mr. MacDonald: Where have you been for the last four years while they've been driven to the wall? Asleep at the switch?

Mr. Riddell: I'll be interested in listening to your comments.

Mr. MacDonald: You bet. You may get a little education.

Mr. Riddell: "Another important effect," Mr. Hannam said, "was the reduction of choice that consumers have in the market. The tactics at the retail level dictate which products fill shelf space and which ones get delisted."

It's interesting, Mr. Chairman. I spoke to one of our more successful farmers down in the banana belt, as I call it, down in Kent county, who spent a number of years with Campbell Soups. He tells me this practice has been going on for 15 years. He hap-

pened to accompany the president of Campbell Soup Company into one of the chain stores, only to find that the shelf space that they once had was limited. In other words, they once had 80 per cent of the shelf space, and their canned goods were placed at the front of the shelf. When they went in, they found they had been reduced to 60 per cent of the shelf space, with nothing else sitting on the shelves around it—just empty shelf space. They had been moved to the centre of the aisle or the shelf space. When the president of Campbell Soups inquired, the chain store said, "Are you prepared to pay for some of the advertising? Are you prepared to pay a rental for the shelf?"

Mr. MacDonald: Are you just waking up to that? It's been going on for four years.

Mr. Riddell: The president of Campbell Soups said, "No, we don't do business that way." So the chain store operator said, "That's fine. There are some that do." This was 15 years ago that this practice was going on and it has just been increasing. It's a funny thing that we're only learning about it now.

Mr. MacDonald: You're only learning about it now. Read Hansard.

Mr. Riddell: Mr. Hannam said some chains were forcing their suppliers to allow sizable volume, promotion and miscellaneous discounts as a condition of handling the product. These discounts can be much more than two per cent. In fact, in the last year they have escalated to 10 or even 15 per cent. The retailers don't demand these discounts to lower the price of food to the consumer. They do it primarily to increase their market share.

The second practice Hannam mentioned was the so-called co-operative advertising gimmick. A full-page ad, he said, might cost \$5,000 to \$10,000 to the chain which would then demand several thousand dollars from each of the suppliers of the products mentioned. When you consider the large number of products on one page, the chain may well be receiving many times the cost of that advertisement. Pretty good business to be in, if you can get away with it.

The third practice is the growing trend in some grocery products to have a listing fee. A food manufacturer may have to spend several thousand dollars for the right to sell a product to a supermarket. Apparently, that can range from \$5,000 to \$25,000.

The fourth practice is doing business through a broker, which implies still another level requiring payment, and therefore increasing the cost of food.

Mr. Chairman, I was prepared to devote all 20 hours of the estimates, if necessary, to this one particular matter. It is a really serious situation and one we genuinely have to concern ourselves with. I am shocked, appalled and surprised that the NDP agriculture critic would not support us in our attempt to review this whole situation, get the matter out into the open, and if necessary, recommend that the minister have a judicial inquiry into this entire food-pricing practice of the few large chain stores in the province of Ontario.

Mr. MacDonald: Let the record show today is the day of the great Liberal awakening.

Mr. Riddell: Mr. Chairman, I will conclude my remarks there. We will probably have more to say as we get into the estimates. But I hope I have convinced the minister that all is not well in the food industry, and it is time something was done about it.

Mr. MacDonald: I discovered after listening to the Liberal critic that we agree. I stated that we don't need to have a prima facie investigation here to justify the establishment of an inquiry and three or four times in the course of his documentation he conceded we need a public inquiry. So the effort here would only be a fumbling attempt to get it started, and why bother to waste time on that if the minister can be persuaded to have a public inquiry? If he won't, then we will have to get back to this somewhat less adequate but necessary one.

My introductory remarks for these estimates have been more or less stolen by the earlier debate we had on the Liberal critic's motion with regard to their petition yesterday. Just let me remind you of the last four years, if I may—not the last two years, but the last four years. I first began to raise this issue of conditions within the food industry in 1974, not 1976. I did for a reason that you will find in the record.

As far back as 1963, the then minister, Bill Stewart, I assume, was responsible for changing the name of this ministry into the Ministry of Agriculture and Food. I don't know what he had in mind when he did that, but I assume he was acknowledging that the Ministry of Agriculture had responsibility not only for the five per cent of the population of Ontario who produced the food, but also for the interests of the 100 per cent of the people who eat the food, and that therefore the jurisdiction of the ministry extended beyond the mere production of food to the whole food industry. That was the plea I had been making, and I had been document-

ing for four years conditions within the industry.

Last week, I made the comment, when I made my first request that we should have a public inquiry, that the two per cent discount was only the tip of the iceberg. What I have been talking about is the iceberg—all of those unethical, if not illegal, practices that have gone on in the industry for a long time. I am fascinated to listen to Mr. Riddell, for example, say why should people go into farming when the prices they are going to get are dictated by the supermarket. By God, where has he been? Everybody has known for years that the supermarkets control and abuse their power to dictate prices. Where has he been?

This is not only a confession on the part of the Liberals, it's an awakening, that they should come here and suddenly discover that there is something we have been ignoring. He says I am bucking him to get this inquiry now. He has been bucking me for four years in terms of trying to get this ministry to look at the hold of the food industry on prices. The record will show he dismissed it as typical NDP ideology, an attack on business, an attack on supermarkets, those perfect organizations.

Mr. Wildman: That's right. He said we didn't understand free enterprise.

Mr. MacDonald: Exactly. I just want to indicate the jurisdiction that the minister is presiding over in a moment—but we haven't been able to persuade him that he should extend his interests in this field in any meaningful way at all.

One of the interesting things that is happening is that the Ontario Federation of Agriculture is moving in to do the job that the government should be doing. They have no alternative. The OFA, representing the producers and the farmers of this province, are a very integral and important part of the food industry. The food industry's name and reputation is being blackened by the practices in certain sectors of the food industry. Because this ministry has ignored them, and because the Liberals have been asleep and in collusion with the Tories in ignoring this issue for the last four years—because of all that—we are suddenly discovering things as though they were new, when they have been in existence for a long time.

Mr. Riddell says he is appalled that the minister did not know these things. I am appalled that Mr. Riddell learned about them this week or last week or whenever he suddenly found out what the situation was.

Let me go back to take a look at the jurisdiction this minister has.

Mr. Wildman: You can't argue with that.

Mr. MacDonald: I was interested, for example, in looking back over the introductory speech of Gene Whelan, a good Liberal, when he was speaking to the food strategy conference that was held in Ottawa some little time ago, back in February of this year. Let me quote a couple of paragraphs in his introductory comments.

He said, "At this conference, it is vitally important that we emphasize our common interests and concerns. Too often in the past the stress has been on our differences. There are even times when a gain made by some individual component of the food chain was seen to be a loss to some others in some other sector. This was neither a profitable nor a productive way to approach a system on which so much depends." In other words, we are all in the same boat, so let's get together. Producers, processors, retailers, wholesalers, consumers—we have all got common problems. It is an interesting mix, so that you can never come to grips with any problem.

He has another comment. The fairness of our food system is being questioned. There is a clear need to explain and justify food prices. Consumers are paying more for food while the net return to the primary producer is steadily declining." That's a point I have been making for four years. What's going on in the food industry means that the farmers get too little and the consumers are paying unnecessarily more—not only now; it's not new; it's very old, it's in the record. I trust the Liberal critic read that one, too.

Let me pick up on Gene Whelan: "Within the food system itself, individual sectors can and do benefit at the expense of others. The misuse of economic power cannot and will not be tolerated." That is a noble profession of objective. I would just like to see some willingness to fulfil it.

However, I am not going to spend too much time on Ottawa. Let's come back to Queen's Park. As far as I can figure out, the responsible agency to maintain surveillance over the food industry is the Ontario Food Council. I am not going to take the time now to read the act. We can get into the detail of it when we get to the particular estimates. But if you read the act to provide for the establishment of an Ontario Food Council, with all its various obligations and powers and things of that nature, you'll find that is the job that it should be doing. But it hasn't been doing it. So it has been neglected in

Ottawa, despite the noble professions of objective, and it has been neglected here.
[11:45]

Maybe the best way to take it is to take a look at the letter I was able to extract from the minister—maybe that's too strong, as soon as I asked for it he gave it to me; the letter on which he made a statement in the House on Friday, May 12. This is the letter from Mr. Williams in response to the minister and an explanation of what has gone on about the two per cent discount, the tip of the iceberg.

His first paragraph: "I am constantly hearing rumours about discounts and special deals in this area, but normally do not bring such matters specifically to your attention unless I can find substance to such rumours based on known facts." The obvious question is why didn't he go out and get some confirmation. There is no doubt in the wide world, nobody for one moment believes that some of these practices weren't existing. The *prima facie* case has been made years ago. Why didn't he go out, as chairman of the food council, and do his job? Maybe I should not be unfair, let me proceed to the second paragraph.

"Commencing approximately six weeks ago, the grapevine system indicated that the rumours in the trade were accentuating concerning a more formal rebate program being more strongly suggested to suppliers by two major chains."

Now, that's rather interesting, and I draw it to the attention of the minister. He said, "commencing six weeks ago." The minister gave a statement in the House. What did the minister say? "The chairman of the food council has been hearing rumours for two or three weeks." Why did you cut it in half?

Hon. W. Newman: You read my statement and you read his letter and put them together, we are out about four days.

Mr. MacDonald: His statement is—and let me put it on the record—

Hon. W. Newman: Okay.

Mr. MacDonald: "Commencing approximately six weeks ago the grapevine system indicated that the rumours in the trade were accentuating concerning a more formal rebate program—"

Hon. W. Newman: What's the date on that letter?

Mr. MacDonald: May 12.

Hon. W. Newman: Okay.

Mr. MacDonald: And your statement on May 12, the same day, presumably regurgitating the information you got from Mr. Wil-

liams, and I am not going to make a mountain of this molehill, but it is rather interesting, when he said five or six weeks your statement reads, "Mr. Speaker, the matter was raised in the House on Monday, May 1. The chairman of the food council has been hearing rumours for two or three weeks prior to May 1." He said five or six weeks. Well, let me not make a mountain of the mole hill. But why the devil did you cut it in half?

Hon. W. Newman: Do a little mathematics you will understand it.

Mr. MacDonald: I have done my mathematics.

Hon. W. Newman: Well you had better do it over again.

Mr. MacDonald: Mine are advanced maths yours are little red school house maths, that's your problem. Let me go to paragraph three. This is rather interesting and important "Without formal complaints from suppliers I started to delve further into such possible programs, and when it appeared that there might be some substance to the rumours I brought the matter to your attention on April 27."

Hon. W. Newman: Right.

Mr. MacDonald: The minister in his statement said, "I would like to point out that under the food council act the chairman normally acts"—and I concede normally act—"only on complaint." So you see you've got an interesting situation. Normally the food council acts only if it has a complaint. When he hears a rumour he doesn't go out to get the facts to justify any rumours. He is sort of having it both ways. The simple fact of the matter is that the Ontario food council in structure is not the kind of body that can survey the food industry, it is the food industry. There is a conflict of interest; they can't look at practices within their own ranks, because if they look at practices within their own ranks they are going to be engaging in self criticism. It is fundamentally wrongly structured to conduct an effective surveillance of the food industry. In addition, the whole philosophy of the food industry, epitomized in the views of Doug Williams, is an unrelieved, unmitigated 19th century *laissez-faire*. The minister last week—ill-advisedly if I may suggest—picked up and added; saying that on all these problems, we defend the free enterprise system.

You see, Mr. Minister—forgive me for just one little lecture en route.

The free enterprise system is constantly plagued with the abuse of economic power by the corporate structures within it. If they

want to complain about a government intervening, and if they want to complain about regulations that are made, they have destroyed their own system by their conduct. It's uncivilized, it is immoral, it is unethical; if it isn't illegal in many instances. The minister can see that. When somebody says this is going on, he says: "I don't know whether it is going on, but if it is I don't agree with it because that's unethical." Now he's taking two weeks to find out from the AG as to whether or not it's also illegal, that's rather interesting.

However, let me proceed. This is where you see the self-serving statement of the minister. He got it the same day from Doug Williams, who is about as close to a good Tory hack as I know.

Hon. W. Newman: Mr. Chairman, on a point of order. I don't think it's fair to call any staff member of my ministry who can't stand up to defend himself a Tory hack or anything else.

Mr. MacDonald: Okay. I've said it and I don't withdraw it. Let me proceed with the statement from Mr. Williams.

"Your direction to me was to get on this matter directly with the organizations involved to determine the form of the rebate programs in an effort to have them discontinued if they might have undesirable effects on the industry."

Why didn't he get at it? He's got the power to get at it. Why did he have to be directed through you? On occasion he does look into things without complaint, but there's none so blind as those who will not see, so he can't see the evidence, he's not willing to see the evidence.

Let me proceed. This is paragraph five from Mr. Williams: "I did check further and then took the matter up with two chain store organizations." Then he pats himself on the back, and you pat yourself on the back, because he's done his job after a situation that has been existing for years has been rammed into your face. It's driven right into your face.

"As a result of these discussions, these chains agreed to discontinue the practice." They reported this to you on May 3; I believe you announced this in the House on May 4. In short you, the Liberals—all of you—have been asleep. You ignored the evidence that was given you four years ago and now you're belatedly getting on top of it.

"Various members of the trade do contact me on a confidential basis to let me know about practices they've heard about, but they very seldom make formal complaints. I constantly keep my eyes and ears open"—that's

an interesting picture. Doug Williams with his eyes and ears open—"and whenever I feel there are any matters of substance I shall continue to bring them to your attention to delve into such matters as far as possible without formal complaint."

In other words, he doesn't really need a formal complaint. So what's he been doing? He's been sleeping at the switch, he's a paper tiger. He's not a watchdog, he's asleep.

Then this final plaintive plea: "It is of concern to me that allegations are made about me and the way I might be operating in the trade practices area"—the way he's not been operating in the trade practices area—"in the House without an opportunity to personally respond to them."

Then the minister, in his final thing, echoes it: "I think, Mr. Speaker, that the member for York South has made an unwarranted attack on a civil servant who cannot defend himself." I am attacking his record, which is a record of neglect accepted by the minister for too many years.

"I think the member owes the chairman of the food council an apology." Nuts, if I may say so, I don't owe him any apology. When I made these comments about the food council, and they've been in every estimate for the last three or four years, they've been dismissed. The Liberal Party's been asleep, they've said nothing about it.

Let me, Mr. Chairman, just put it on the record now, because finally since the OFA has got to move in and do the job the government won't do, hasn't been willing to do, what does Peter Hannam say? There have been paraphrases of this but Peter Hannam's exact words, not from the press release but the text of his speech, were: "We have some government bodies, such as the Ontario Food Council, who are supposed to be monitoring what is happening in the food chains but they're just not doing the job. They didn't help when it came to the two per cent discount being forced on farmers. They supposedly knew nothing about it."

May I stop there?—"... supposedly knew nothing about it." If the full record is known, they were told a full year ago and they slept at the switch; and a public inquiry will get people who will document that, in the meanwhile they can't come out because there would be reprisals taken against them.

Let me continue with Peter Hannam's comments on the food council: "It's time we faced facts. The Ontario Food Council is ineffective, out of date and irrelevant. Even their home economists who are supposed to be helping the consumer by supplying nutritional information and recipes are being overshadowed

by the market boards." Yes, the market boards. "If government bodies can't do their job when they should be, then they should be restructured or dropped." A good piece of advice, Mr. Minister, if I may interject.

Peter Hannam went on: "If governments can't do it, then perhaps consumers and farmers should step in and see that either it is done or that we do it ourselves."

I give Peter Hannam credit. He's carrying on the traditions of the OFA when it was built by Gordon Hill and he's doing nobly.

We have a need for a judicial inquiry. We have a need for it because the facts are clear enough as a *prima facie* case. Then you add to that the point that Peter Hannam has made that the whole food industry lives in the state of possible reprisals if anybody speaks up, or possible intimidation of the kind that Mr. Riddell now says somebody learned about 15 years ago: "Either you engage in an unethical practice with me, such as the abuse of economic power in the supermarket, or else I won't take your product." That's been going on for 15 years. I am glad to have that added bit of testimony. There's lots of it in the record if you wanted to go back.

A final point with regard to a public inquiry: the OFA has invited people to make representations to them, to do it confidentially. In short, the OFA is trying to step in and do the job that the government and the Ontario Food Council can't and won't do. They are inviting people to come confidentially and give it to them. I wish them luck, and if the government won't move, certainly they should be given every encouragement to proceed with this.

But the OFA has its hands tied behind its back in trying to do this job. It's not the function of the federation of agriculture serving the farmers to go out and survey what goes on beyond the farm gate in these unethical, if not illegal, practices that have been going on for a long time and this government has been winking at, and the Liberal Party in bed with you, winking along with you. The Liberals and Tories in bed winking, is an interesting picture.

In short, while I wish the OFA well, it should not have to accept this obligation. That's why we need a public inquiry. The OFA isn't going to be able to cope with the intimidation and the threatened reprisals out there. It can't get evidence under oath and isn't going to have all the kinds of protection you would get in a judicial inquiry. So while they may be able to make a stab at it, they can't do the overall job, it has to be done by a public inquiry.

I leave the matter right here, Mr. Minister. It is in your own interests. You recommend to cabinet that we have a public inquiry, because then it will be done in an orderly fashion. Then you will clean up what Peter Hannam describes as "a mess"—and it is a mess, a long-standing mess. If you don't do it, the rules of this House are going to permit this committee to proceed and do it with all of the limitations that it will have.

Let me get into a bit more of the substance of this problem. I was driving along the road a few weeks ago and to my interest and surprise I heard a comment from that barefoot city boy who has gone out to one of the safe rural ridings of Ontario, Allan Lawrence, MP for Northumberland. He said, "Price spreads between what the producer gets and what consumers pay have just run out beyond reason."

[12:00]

I stopped the car, took out my pencil, and wrote it down so that I would have it exact. It was a magnificent bit of message from the federal Tories to the provincial Tories. It's the song I've been singing and getting no response to from the Liberals or Tories for the last four or five years in agricultural estimates, a lot longer than that, but specifically the last four or five years; that the spread is unreasonable. As Peter Hannam points out in his speech, in which he puts the blame where it belongs, and I wonder if this doesn't sound like a quote from you guess who down through the years: "The villains in the food chain don't live on the farm. If there's a villain, it's the corporate giants who hurt both farmers and consumers"—those little fellows that you, Liberals and Tories, have been defending while they've been engaging in all these unethical practices for the last four, if not the last 15, years. Peter Hannam is saying that, and he's correct. Now Allan Lawrence is saying it.

What is the impact of this? Take a look at the impact of this on the farmers and on the consumers. What happens is the farmer gets less than he deserves, or has to fight like hell to get what he deserves, has to set up marketing boards and has to go into supply management, pricing and negotiating, to extract from them what he deserves, because you know how these fellows operate. Maybe this is not a bit of information for the Liberals, belatedly learned. J. S. McLean, as president of Canada Packers, said before an inquiry in the House of Commons in 1946 when they asked him about his pricing procedures: "Look, I pay the farmers as little as I can and

I charge the consumers as much as I can get away with. That's business."

Mr. Wildman: Buy low, sell high.

Mr. MacDonald: That's business. Mr. Riddell is only learning about it. I don't know when he took his political diapers off, if he's only learning about it now, because that has been going on for a long time. But the interesting thing, is this, the farmer gets 40 cents of the consumer dollar, as a general proposition.

Mr. McGuigan: Thirty-eight.

Mr. MacDonald: Thirty-eight or 40, okay, 40 cents of the consumer dollar; that's his gross income. When you take all the farmer's costs of production to all the rest of the food industry—broadly described, the fertilizers, the farm machinery, the pesticides, and binder-twine manufacturers, all the rest of them, you take all the farmer's input costs—the farmer in the province of Ontario is getting out of the consumer's dollar approximately 10 to 12, at the most 15 cents. I say this tentatively because we have no up-to-date figures.

I have quoted many times before in the estimates research paper 14 which we did for the farm income committee back in the late 1960s. They pointed out these facts and at that time farmers in Ontario were getting eight to 10 cents net income out of the consumer dollar. The rest of it was going on input costs or throughout the rest of the food chain.

Between 1975 and 1977—it's really staggering to consider these, and these are national figures, I don't know what the Ontario equivalent is or if it's available—there was a two per cent drop in gross farm incomes and there was a 49 per cent increase in farm input costs. These are Stats Canada figures.

When you recognize that as the position of the farmer nationally and provincially, clearly any practice which is cheating the farmer by forcing him, for example, to engage in the kind of thing we now discover goes on, namely he may get what the marketing board says—the minister hung his hat on this for a long time but the hook has been broken in the meanwhile, he hung his hat on the farmer getting all that he deserves, all that he was entitled to, because of the marketing thing—but then they add an extra couple of cents on and the farmer or the broker, whoever is selling to the chain stores, has to rebate that and it goes into Intersave, or heaven knows where it goes. Of course the cost is passed on to the consumer. Farmers getting too little, consumers paying too much.

I would be interested to know where all these discounts and kickbacks and so on go. My colleague from Brantford raised with you something the people in the poultry industry are raising as to whether or not some of these kickbacks aren't going into trust funds. Where are the trust funds? Where are they? Are these hidden profits? Is this why the food chains can say they've only got a one per cent profit on their turnover, because they're siphoning this off into little pockets here, there and the next place unethically and, conceivably, illegally? Who knows? You don't know, Mr. Minister.

Mr. Riddell: Or a few directors being paid half a million dollars a year.

Mr. MacDonald: That's true too. Let me give you the net impact of this. I concede in advance that these figures have to be taken with an understanding of their deficiencies.

The Stats Canada figures, which are available and produced every year at the Outlook Conference that is held at the end of the year to take a look at the outlook for agriculture in the succeeding year, provide figures with regard to the total net income in the province of Ontario, and also figures for the number of farms. I concede in here a weakness, and I'm not hiding it, that in Stats Canada, a farmer is any producer who sells at least \$1,200 a year.

So you've got a lot of little ones in there that are inconsequential or part-time, along with the big fellows who may be getting hundreds of thousands of dollars a year in return. But do you know what the results are, Mr. Chairman? You'd be interested in this, I trust. In 1970, if you take the total net farm income in the province of Ontario and divide it by the number of farmers, bearing in mind all the reservations I've made about these statistics, do you know what the average farm income in the Province of Ontario was?

Hon. W. Newman: What year are you talking about?

Mr. MacDonald: It is \$5,611. That is the year 1970. In 1971 it was \$4,471. In 1972, it was \$6,321. In 1974, it was \$10,475. In 1975, it was \$13,209. In 1976, \$10,544. Incidentally, a new number of farmers came in there because of the 1976 census, which took it up by about 1,500, so it reduced the average a bit because you had a larger number of farmers. In 1977, it was estimated at \$12,031. Just stop for a moment, Mr. Minister. These are averages, I agree they're averages, but compare them to the average industrial wage in the province of Ontario. In February of this year it was \$258.70.

This means an income of \$13,000 or \$14,000 a year. That's an average. Some of the industrial wages are up to \$20,000 or \$25,000. Some of the industrial wages are down at the minimum wages. I'm saying that's true of these farm figures. Some of them are away up and some of these little farmers who are only part-time and the city slickers who are out living on a plot and selling at least \$1,200 a year so that they're categorized as a farmer.

I'm not saying this critically of the average industrial wage. The average industrial wage in this country of \$13,000, given our cost of living and everything else, is a defensible wage, a very defensible wage, but the average net farm income is almost the same, and each one of those farmers is going to have a capital investment, depending on the kind of farming he's engaged in, of \$100,000, \$150,000, \$250,000, \$500,000; it varies. That's the impact on farming. That's the impact on the farmers.

The minister may go around, proud of the situation with regard to agriculture in the province of Ontario, but I'll invite him sometime to just sit down and put his feet up on a comfortable cushion and contemplate those figures and see whether his pride isn't somewhat diminished.

Incidentally, before I leave the farmers, you have these income figures that I've just given you but one of the other interesting factors is that the almost static gross income of farmers is down two per cent from 1975 to 1977, while their input costs were going up 49 per cent. Another interesting factor is that during the same period bank loans outstanding to farmers have gone up from December 1974 at \$689 million to \$1,153 million; in other words, it has gone up 67 per cent in the four-year period. Farmers are getting deeper and deeper in the hole as far as the bank is concerned.

Mr. Riddell: Loans are based on the predicted market value of those farms in years to come and not on the productive values. The only reason bankers are lending farmers the amount of money they are giving in loans is because land is going to jump from \$1,500 to \$3,000 an acre.

Mr. MacDonald: Okay, we can pick up on that later in the estimates, if you have no objections.

Let me turn now to the impact of this whole situation on the consumers. I want to be fair about this. I concede that the consumer in Canada has a better deal than in most other countries in the world. Farm and Country for May 9, almost its last edition,

has in its Farm News Scan column, an interesting brief paragraph which it may be useful to put on the record:

"Back in 1947, Canadians spent 21.4 per cent of their disposable income on food. By 1975 this had dropped to 14.3 per cent, according to a report compiled by Statistics Canada. And an update by the US Department of Agriculture gives a figure of 13.8 per cent in 1977 against more than 18 per cent south of the border." In other words, even the United States calculations have Canadians spending only 13.8 per cent on food, whereas in the US it is 18 per cent.

What do other people spend? The British spend 31 per cent; the Greeks almost 43 per cent; the Australians 26 per cent; the West Germans 27 per cent; the Danes 30 per cent; the Russians between 50 and 60 per cent according to estimates; the Cubans 70 per cent; and the Red Chinese between 70 and 80 per cent. I am rather interested in those last figures. I suspect they have a little capitalist bias when they got to the Red nations, having been to Cuba and found how everybody gets the basics for very little.

However, let me come back to Canada. I want to say that in spite of the Canadian consumers getting a good deal, they are still paying too much, unnecessarily much, because of what's going on in the food industry. We have seen the tip of the iceberg. I've been talking about the iceberg below the surface that the Liberals didn't see for the last four years.

Mr. Riddell: You didn't know anything about the discounting practices until—

Mr. MacDonald: I knew lots about discounting practices and many other things.

Mr. Chairman: One speaker at a time, please.

Mr. MacDonald: However, the OFA brief points to another problem, and that is the inefficiencies in the food industry. Page 21 of their brief, which the cabinet received a week or so ago, points to these inefficiencies in the food industry and says it is going to be difficult for us to compete in the world market with these inefficiencies. In addition, of course, it results in overcosts as far as the Canadian consumers are concerned. Therefore, they recommend that the provincial government undertake a major study to assist in upgrading the productivity of the food processing industry. Funds and tax incentive policies should be provided to encourage this sector to modernize its plants and technology so that they can become more competitive in world markets.

Mr. Mancini will be interested in this: before he got into politics, I once visited Essex

when I was leader of the New Democratic Party, and I ran into a fascinating situation— [12:15]

Mr. Mancini: We were glad to have you, Don.

Mr. MacDonald: As a matter of fact, I was invited by some of the small tomato canners who were trying to sell their product for at least \$4.25 a case—the tomatoes in a can without a label. They had to get at least \$4.25 or \$4.50 or they weren't going to make any profit. These figures are out of date now but they are illustrative of the problem. I would be interested to know how much the farmer has got for the tomatoes that were in that can. The farmers did all the work. They planted them, they tilled the soil, they paid for all of the cost and everything else. I suspect they were lucky if they got \$1 or \$1.25.

Mr. McGuigan: About four cents a can.

Mr. MacDonald: Four cents a can? Well, I am exaggerating. That's 96 cents if there are 24 cans in a case. In other words, they were getting roughly \$1, and the small canner was trying to get \$4.25 to cover his costs. Canadian Canners Limited was offering only \$3.75. They were in an impasse and the small canners had their backs to the wall, and do you know what Canadian Canners did? This is the food industry you should take a look at; this magnificent free enterprise. They would buy it at \$3.75 or \$4.50, put a label on it and wholesale it at \$7.50.

Mr. Minister, if you can defend that system, you jolly well tackle it, in terms of the farmer getting a buck and the consumer paying something beyond the \$7.50 after the retailer had put his profits on it too. To go back and quote Allan Lawrence—suddenly the dawn has come with him too—the spread is unreasonable. He's awakened belatedly. He has learned about these things. The spread is unreasonable.

Mr. Wildman. Some people went to Damascus this last week. It's called the beanery board.

Mr. MacDonald: The abuse of economic power; I appreciated Mr. Riddell quoting my remarks in Hansard with regard to the Mallen report. I didn't hear the Liberals saying anything about the Mallen report when it came out. It is now two or three years old. It has been gathering dust on the government shelves, both in Ottawa and provincially, but one of the interesting things in the Mallen report was that the procedures of these unethical if not illegal procedures, kickbacks, everything else, all of these things

resulted in the consumers paying three per cent more than they needed to. Little wonder that the great grande dame of our age, Beryl Plumptre, as soon as she got that report she disowned it. It had to be published, because she had moved on to the AIB by that time, but she disowned it and wouldn't put it out as an official report on behalf of the Food Prices Review Board.

Mr. Wildman: Isn't she a director of Lob-laws now?

Mr. MacDonald: I think it's Dominion.

However, let me translate that into figures. Three per cent doesn't sound very much, but do you know what three per cent of the food budget in the province of Ontario is? Listen to this, Mr. Riddell—it's \$188 million.

Mr. Riddell: I always listen to you, Donald.

Mr. MacDonald: Good. If you had started four years ago, you wouldn't be catching up today. It's \$188 million. In other words, what they said—and what no government has done anything about, and what your judicial inquiry may give us some perceptions on—is that the consumers in this province are paying on that one fact alone, through the corporate domination of the industry, \$188 million more than they need to. It has been siphoned off into Intersave and into trust funds and all these other pockets and you sit there and ignore it, Mr. Minister.

I was fascinated last week when I went home and my wife said, "You can look after the junk mail today." So I went through the junk mail and found valuable shopping coupons inside. I opened it and I was absolutely amazed. Here's a whole fistful of them and God knows what each one of these cost. Look at them. Look at the beautiful colours. I suspect the cost of each one of those, if I tried to use colour—

Hon. W. Newman: Are you the only one who got those?

Mr. MacDonald: —on my literature in an election time—

Hon. W. Newman: Is that general distribution or was it especially to your house?

Mr. MacDonald: They are delivered to everybody. It is not addressed to me. It is delivered to every household.

Hon. W. Newman: I didn't get one.

Mr. MacDonald: They are picking you up some time later, just take a look at it. Here you have cat food; here you have coffee, 12 cents off; here you have Fleecy; here you have brown crunchies; here you have Milk-Bone for the dog; here you have Breck—

Hon. W. Newman: What's that?

Mr. MacDonald: It's something for the hair—Nestea's "A Plunge into the Caribbean," what the devil is that? Oh, that's to win a cruise. Blue Bonnet, win \$12,000. Here we are down to Heinz, and finally, plants. All that is in one package. I don't know what those cost but one of those is delivered at every home, and I am minus one or two because they said 30 or 40 cents off and my wife kept those. We have got to cope with our food budget in the present times.

There are literally millions of dollars in this stuff. Mr. Chairman, Mr. Minister, that is an unexcusable expenditure. It is wasteful to the nth degree. Who is paying for it? The consumer is paying for it of course. Or maybe it is part of one of these co-operative advertising things Peter Hannam is now publicly going after since the food council, which has a responsibility to look into advertising, has been sleeping at that switch, as well as all other switches it is supposed to be tending.

Let me wrap up this aspect of my comments. We have had a lot of rhetoric from Ottawa about things that should be done. We haven't even had very much rhetoric from Queen's Park.

Hon. W. Newman: I was thinking of this morning but anyway—

Mr. MacDonald: There is not very much rhetoric from Queen's Park in terms of getting into the food industry. What the minister did, when it was first raised in this House was to say this is part of the free enterprise system, negotiating between a willing buyer and a willing seller. What a ludicrous comment to make. Most of what is going on isn't willing buyers and willing sellers. It is the gun at the head and the abuse of economic power, and they have been getting away with it for years, and you have been tolerating it.

Your colleague, the Minister of Consumer and Commercial Relations (Mr. Grossman), had coffee prices drawn to his attention by an NDPer last fall. Boy, did he have an outburst of rhetoric, which he is so magnificently capable of, whether it is beer in the ball park coming or going, it depends which. He was going to do something about this. He wrote letters to the coffee companies and the coffee companies wrote back and explained their position to him and we asked what else was he going to do. He said he wasn't going to do anything more.

Free enterprise? It's abuse of economic power, when they are charging far less across the river for the same product, in some instances for a product manufactured in Ontario and taken into the United States by the same chain or the same company?

What we have had, Mr. Minister, on the part of your government and particularly your food council, is a total copout on this problem. I am now delighted to welcome aboard the Liberals on an issue that has been around for 15 years and I have been talking about for four years.

Mr. Riddell: We'll get action.

Mr. MacDonald: You may or may not get action. We are not going to be able to solve this problem within the framework of this committee, as you yourself almost conceded. You certainly conceded there was need for a judicial inquiry and I reiterate that need so let's get at it.

Before I leave this aspect of my comments there is one point I want to mention.

Given the condition in the agricultural industry as has been pointed out by Farm and Country and in various other comments, the budget of the province of Ontario this year is forecast to increase by 8.3 per cent. Some ministries have received increases of 15 to 40 per cent. The Ontario Ministry of Agriculture and Food on the other hand will increase by 1.15 per cent, on behalf of the farmers and the food industry which you have been virtually totally neglecting up until now in terms of surveying and doing something about the practices within it. And you get up and boast about this government doing its job on behalf of farmers. Mr. Minister, how do you have the face to get up? The average increase is 8.3 and some ministries range anywhere from 15 to 40 per cent but the increase in your budget is 1.15. You are doing a job? Well, we'll let the figures speak for themselves.

Hon. W. Newman: I sure do. And if you were there you would have heard the figures.

Mr. MacDonald: I heard the figures.

Hon. W. Newman: You didn't because you weren't there.

Mr. MacDonald: I am now balancing the picture.

Hon. W. Newman: You weren't there.

Mr. MacDonald: You gave your figures. I am now giving my figures.

Hon. W. Newman: The total figures you were talking about were not correct in the increases and they were corrected when the federation met with the cabinet. You should have been there to listen to what was going on. It was a public meeting.

Mr. MacDonald: Really?

Hon. W. Newman: Yes.

Mr. MacDonald: They were coming to see me a half an hour later. So I decided I would

se them within the precincts of our caucus and not invade your little meeting with them.

Hon. W. Newman: Ours is a public meeting.

Mr. MacDonald: Fine. If there are any corrections I will be glad to hear those corrections. But the point, Mr. Chairman—

Mr. Wildman: All our caucus meetings are open.

Hon. W. Newman: No, no; cabinet.

Mr. MacDonald: Who has got the floor at this point anyway?

Mr. Chairman: You have, Mr. MacDonald, go ahead.

Mr. MacDonald: There is great need for more information. I again draw—Mr. Riddell will be able to find this in the record—the attention of the province of Ontario to what was done in Manitoba under a government whose ideology I will not remind you of.

Hon. W. Newman: Which is gone.

Mr. MacDonald: Which is gone. But it may come back in the next election. Don't you hold your breath. They put out a weekly index providing information on the spread between what the farmer got at the farm gates and what the consumer was paying at the check-out counter in the supermarket and it was fascinating. I concede it didn't solve any problems. One of the problems is to get the information to political parties and the public so that you can tackle the problem. Look how long it's taken us to get the information to the Liberal Party so we can tackle this problem. We've been talking for four years. Now they have found out there is a problem.

Mr. Mancini: You haven't been talking about it.

Mr. MacDonald: It's now a problem, the tip of the iceberg. I was talking about the iceberg.

Mr. Chairman: Mr. MacDonald has the floor.

Mr. Mancini: He may have the floor but he's away off base.

Mr. MacDonald: Food basket: Mr. Allmand in Ottawa raised the question at the end of the food conference as to whether or not, for example, we should do some of the things that were done by the Food Prices Review Board. They had a food basket in Hull and two or three from other markets in Ottawa and they suddenly exposed to the public the variation in prices. It was fascinating to see what happened to the pricing in those supermarkets the week afterwards. That's giving the people some information.

They are entitled to it. That's exposing some of the consequences of these unethical practices.

What do we do with our food basket? I am not prepared to repeat all I've said ad nauseam for years. Our food basket is a hole-in-the-wall effort. Nobody knows where they get their prices. They won't give the details out. They won't say what store they have gone to. It's an interesting academic exercise but I wonder how much it costs, how many people are involved in doing it. In terms of assisting the consumer it's a virtual waste of time. Once again because the government isn't doing the job, the farm organizations had to step in.

I commend the Ontario Federation of Agriculture. Three months ago they started publishing a monthly farm price index and, for example, if I may take the latest one in April, they pointed out that the farm index for April 1978 had increased 1.1 per cent from the month before and there was a 12-month increase of 11.5 per cent. And that's the farm index of what domestic farmers, not including the imports, are getting. When you take all the imported prices and do it, it brings the consumer food price index away above what the domestic farmer is getting—an 11 per cent increase in a year for the farmers while the percentage for food, the CPI, the food index, is up at 15 or 16 or something of that nature over the past year.

If you take imported products, and we are getting more and more dependent on them because of our growing insufficiency—that's another point the OFA makes—the increase in imported products is maybe up 25 or 30 per cent.

I am not going to spend much time on the Foodland thing because when I raised it with the minister he said he was taking it up with his legal branch. I thought that was fascinating but he backed off quickly when I asked him if he was contemplating a suit against The Grower for an editorial in which they really did a job on Foodland. We'll get around to that one when we are discussing—

Hon. W. Newman: Yes, I hope we will.

Mr. MacDonald: We will, make no mistake about it.

The practices of the supermarket in this province have been in need of an investigation for a long time. Now that we have the Liberals joined with the New Democratic Party—

Mr. Riddell: But the New Democrats wouldn't join with the Liberals, to have a review done.

Mr. MacDonald: After four years of neglect on this issue, and I repeat not with any great braggadocio, Mr. Minister, if you don't do it, you will be irresponsible and sacrificing the public interest in a prima facie case of unethical if not illegal practices. It is in the interest of the industry that we should clean this mess up and the only way it can be done is in a judicial inquiry.

Mr. Chairman, I have some comments I want to make on one other issue which won't be as lengthy but I assume you want to adjourn.

Mr. Chairman: Yes, Mr. MacDonald. It's after 12:30. We will adjourn until 8 o'clock tomorrow night and Mr. MacDonald will have the floor.

The committee adjourned at 12:32 p.m.

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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee

Ministry of Agriculture and Food Annual Report, 1976-77,
and Estimates, Ministry of Agriculture and Food

Second Session, 31st Parliament
Thursday, May 18, 1978

Speaker: Honourable John E. Stokes
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, MAY 18, 1978

The committee met at 8:12 p.m.

MINISTRY OF AGRICULTURE AND FOOD ANNUAL REPORT, 1976-77

Mr. Chairman: I see we have a quorum. When we adjourned yesterday afternoon, we had opening remarks by the minister, the liberal agricultural critic and the NDP agriculture critic. At the time we adjourned, Mr. MacDonald had the floor.

I understand there is a motion to be presented by Mr. Riddell; is that correct?

Mr. Riddell: Yes, Mr. Chairman, with the indulgence of the member for York South (Mr. MacDonald).

Mr. Chairman: Mr. Riddell moves, that consideration of the March 31, 1977 annual report of the Ministry of Agriculture and Food, referred to this committee pursuant to provisional order No. 7, begin next Wednesday morning and continue for a maximum of five regular consecutive sittings; and that the committee note its existing powers under section 35 of the Legislative Assembly Act, and that one half of the time spent on this consideration be credited against the 20-hour time allocation for the estimates of the ministry; and that consideration of these estimates resume immediately upon completion of consideration of the annual report.

Mr. Riddell: I don't know if there is any explanation needed. I think the explanation I gave last time we met would suffice at this time, Mr. Chairman.

Mr. Chairman: Any comments from members of the committee with regard to this motion?

Mr. MacDonald: Has the minister any comment?
8:15]

Hon. W. Newman: My only comment is there seems to be a lot of doubt around here. I've nothing to hide. We are quite prepared to bring the appropriate people forward before the committee to discuss it with them. I guess my major concern is that I understood that perhaps more than half the time we spend would be taken off the total estimates time.

Mr. MacDonald: Oh, no.

Hon. W. Newman: I was suggesting that it might be a good idea, but I have no complaints, as long as you finish by the end of June.

Mr. Nixon: Mr. Chairman, I know the minister really likes this sort of a discussion. He has repeatedly told me that a good open discussion of the work of the ministry is what he likes best and we all want to look forward to that. I think the only advantage in using the procedure put forward by my colleague, Mr. Riddell, is that we can draw in some outside people who are not members of the Legislature nor members of the minister's staff to discuss the matters pertaining to the minister's report, particularly in the marketing areas which have been so much the topic of comment and question in the House. I think the minister is indicating that he feels all of the time spent in this reference should be charged against the 20 hours allocated for the discussion of the minister's estimates. While the House leaders don't dictate this, as you know, there has been agreement in the use of this formula for the reference of a matter such as this—the previous one was with the OHIP matter to the other committee. Although much of the material discussed would otherwise be a repetition of matters discussed in the estimates, not all of it is, so it was accepted among the House leaders that an allocation of a half of the time against the estimates would be appropriate, and I hope that's generally acceptable.

Mr. Chairman: That would mean that the maximum of five regular consecutive sittings would indicate approximately two and one half hours per sitting—

Mr. Nixon: Excuse me, Mr. Chairman, it says that it be undertaken on Wednesday and for five further consecutive sessions, that would be six sessions of two and one half hours each.

Mr. Chairman: That would be 15 hours, which would indicate approximately seven and one half hours would apply against the Ministry of Agriculture and Food estimates. Is that correct?

Mr. Nixon: The motion says one half the time, yes; right, that's agreeable to us.

Mr. Chairman: That would be seven and one half hours, so that would leave us approximately 10 hours and 10 minutes.

Mr. Nixon: I thought we had 20 hours for agriculture.

Mr. Chairman: We did, but we used up two hours and 20 minutes yesterday.

Mr. Nixon: Yes, of course, in total.

Mr. Chairman: And whatever we use tonight, too.

Mr. MacDonald: Unless you don't want to count that.

Mr. Riddell: Mr. Chairman, when you used the word "consecutive"; consecutive days or consecutive Wednesdays or what? It doesn't specify.

Mr. Hennessy: Regular consecutive meetings.

Mr. Riddell: In other words, we meet on Tuesday nights, Wednesday mornings and Thursday evenings; so we just continue that practice?

Mr. Hennessy: If I was a lawyer, I could make an issue out of it.

Mr. Nixon: You could make more money doing what you're doing.

Mr. Hennessy: No, no; I'd make more money being a lawyer.

Mr. Chairman: Any further discussion, or any further comments? Mr. MacDonald.

Mr. MacDonald: Mr. Chairman, if the minister is willing to proceed with it, I'm willing to proceed with it. I thought we had decided yesterday that we would do the estimates first, and that the reason we decided that was that at that time the minister agreed he had no objection to a full, personal, direct questioning of the two key people in the picture—namely, the chairman of the Farm Products Marketing Board and the chairman of the Ontario Food Council, so that we would get stage one in examining this picture during the estimates. I clearly indicated to the minister that if by the end of that process the government wasn't willing to do the job in the fashion I think is the only way to do it effectively and tightly, and perhaps efficiently—and that is through a judicial inquiry—then I was wholly in support of the proposition that we should examine it at least within the limitations of this committee.

The only thing I draw to your attention, Mr. Chairman, is that with five sessions, 15 hours, to examine the food industry—the biggest industry in this country, one of the most complex industries in this country—we are going to be scratching the surface, we are going to be taking a stab at it. If the rest of

the committee wants to approach it that way by taking an initial stab in the hope that, as the original motion indicated when moved by Stuart Smith, that in the process we could prove to the government we might need a full judicial inquiry, fine; but I don't think we need any stab at it to prove we need a full judicial inquiry, I think the prima facie case has been proven, and indeed the Liberal critic yesterday in the course of his remarks virtually conceded the same. But if it is the will of the majority, I always bow to the will of the majority.

Mr. Nixon: Particularly when it's inevitable

Mr. MacDonald: Particularly when it's inevitable. I have lived with inevitability for 20 years.

Mr. Nixon: I know how you feel, Donald.

Mr. Riddell: Probably the difference between the Liberals and the NDP is the Liberals don't jump to conclusions. We would like to make a study of this, then if we feel there needs to be a judicial inquiry we will so indicate.

We also feel that by having the reference come before the committee starting Wednesday it will avoid a lot of duplication when we do get into the estimates. I can assure you it will be a repeat performance of the last time we met if we continue with the estimates and then have to start the inquiry. This is why we feel it necessary to start to consider the annual report of the Ministry of Agriculture and Food on Wednesday morning.

Mr. MacDonald: Mr. Chairman, I have one little footnote to this. I agree with the hon. member for Huron-Middlesex that Liberals don't jump to conclusions. They had the facts presented to them in 1944 and it took them four years to jump at all in terms of this problem. They just became alive to it now.

Mr. Nixon: That's before some of us were born, 1944.

Mr. MacDonald: I meant 1974; did I say 1944? Was that before you were born?

Mr. Nixon: Who said anything about discounts in 1974. Who ever heard of the aging process?

Mr. Chairman: Any further comments on Mr. Riddell's motion?

Mr. Nixon: I have a few comments that I would like to make.

Mr. Chairman: Mr. Nixon.

Mr. Nixon: One of the advantages in establishing the need for the inquiry by this committee, is it would give the committee, and particularly our clerk, an opportunity to contact those whom we might wish to have

appear before us, giving them sufficient notice, it would not be unnecessarily inconvenient, and maybe they could gather the facts and figures that might be useful to us.

For example, I would hope that a representative, probably the president, of the major grain store organizations would be asked to appear; and certainly the president of the Federation of Agriculture, since he's made a major statement in that connection. The minister said in the House today he was not sufficiently specific in his comments, but they were rather far reaching and we would have an opportunity perhaps to get some additional background information, because he indicated that what we were talking about was the tip of the iceberg and we ought to have a look at some of the stuff that lies underneath.

Mr. MacDonald: That's what I have been arguing for four years.

Mr. Riddell: I don't think so, Donald, I think you're really reaching.

Mr. MacDonald: It was a good case.

Mr. Chairman: Mr. Minister.

Hon. W. Newman: I would like to make a couple of comments in supporting the motion of the Liberal critic. I know he has had a very trying day and we all have some—

Mr. Riddell: Every day is a trying day.

Hon. W. Newman: Right. I am only sorry we are not going to spend—I am quite glad to discuss the estimates of the Ministry of Agriculture and Food well into July if you like; if you don't wish to do your harvesting or paint your pool, that's okay—that was a little aside. I would like to point out to the critic for the NDP party—

Mr. MacDonald: NDP.

Hon. W. Newman: I beg your pardon?

Mr. MacDonald: He said NDP party. "P" stands for party.

Mr. Riddell: The ND Party.

Hon. W. Newman: You have indicated to the committee tonight that the case for a judicial inquiry has already been proven.

Mr. MacDonald: A prima facie case.

Hon. W. Newman: Call it whatever you want to call it. Where are the facts and figures that I have been asking for from you and your party, or others? Prove them, bring them forward. That's why we are supporting this resolution here tonight. We want to bring these people forward so we can question them. If there's something wrong, I want to know about it. I am prepared to do something about it, whether it's under our legislation or federal legislation. To come out and make wild, sweeping statements is easy, and

I will talk about some of the statements you made earlier on, the other night, as we get into the estimates.

You talk about collective bargaining, a great champion of the collective bargaining situation, yet you don't believe it when it comes to agriculture. I just want to point that out to you. I will have an appropriate time to talk—

Mr. MacDonald: That's a wild, sweeping statement.

Mr. Yakabuski: It sure is, but you look at Hansard.

Mr. MacDonald: Not only wild and sweeping, but inaccurate.

Hon. W. Newman: You look at what you said in Hansard. Anyway, Mr. Chairman, I would like to support this motion because I think we have nothing to hide. There are no problems to hide. I think there is something we should discuss as far as the motion is concerned, as to who is called, whether we should have legal counsel for this committee, whether whoever is called will be entitled to legal counsel, how that will be dealt with and whether you want to deal with that before the motion is passed or not I am not sure. Certainly we are prepared to support this motion to bring these people in.

Mr. Chairman: Any further comments on Mr. Riddell's motion?

Mr. Hennessy: I agree with him for a change.

Mr. Chairman: We'll call for a vote.

Motion agreed to.

Mr. MacDonald: Mr. Chairman, you have walked into a real quagmire. Let's just pause and consider what we are going to do about it.

Mr. Hennessy: You voted for it.

Mr. MacDonald: I voted for it, but I voted with my eyes open and I hope you did too.

For example, if we are going to go into this kind of a situation, it can become a witch hunt, it can become unruly, it can become threatening of people's integrity and everything else. We had the same thing when we went into the Hydro deal.

If we are moving into what is the equivalent of a public inquiry, albeit on a short meaning basis, I suggest, Mr. Chairman, by whatever procedure you think is operative, that we have to get to the Board of Internal Economy immediately. We must get to them at the earliest possible date and secure adequate counsel. I would hope they are available, because you don't go into this kind of thing without adequate counsel. That is point one.

Secondly, I think the committee should give some consideration to the proposition that as a committee of the Legislature we have the right to invite people. They have the right to say they do not want to come, in which case we have the right to subpoena them, but only after we have sought a writ from the Speaker. Therefore, I am asking the question as to who is going to look after the details to make certain that we have a counsel to guide us in this whole proposition, because it is going to go on for five sessions starting on Wednesday of next week. That means Wednesday, Thursday night, the following Tuesday, Wednesday, Thursday and the following Tuesday night. It is five after the beginning one—six nights.

Mr. Turner: Six meetings.

Mr. Chairman: Right.

Mr. MacDonald: Have you a list of the people you are going to invite? Mr. Riddell yesterday suggested they were prepared to present a list. I think the committee should have the right to consider who they are going to invite.

It may be that after the first meeting or two there will be other people we will want to invite. We can sort of play it by ear as we go along, and we can add them to our list. Having been chairman of a committee that had to face this problem, I am painfully familiar with the normal procedure, which is to invite people to come, hoping that they will come voluntarily. If you want to be prolonged about it, you can remind them that if they do not come voluntarily they can be subpoenaed.

Mr. Hennessy: A nice way.

Mr. MacDonald: That's sort of an invitation with a kick.

Thirdly, if they don't come and the committee feels that they must be here, they can be subpoenaed. But to do that you have to go to the Speaker and get the Speaker's writ to subpoena them, which is a prolonged procedure. You may find that your six meetings to hear the people that you are going to invite will go on to seven or eight or nine, and we will be sitting here on Bastille Day, July 14.

Mr. Hennessy: Three o'clock in the afternoon.

Hon. W. Newman: Mr. Chairman, may I just make one or two comments here? I am fully aware of what Mr. MacDonald is saying, and I am fully aware of the fact that this committee should have legal counsel. I am fully aware of the fact that the witnesses who will be subpoenaed or come voluntarily should have the right to have legal counsel. I am also aware of the fact that the major point

of this inquiry is to find out whether an inquiry of a public nature may be required. The most relevant testimony as to practice in the trade must come from the trade itself. This is only my personal thinking.

Mr. MacDonald: Sorry, what must come from the trade?

Hon. W. Newman: The major witnesses should come from the trade itself so we can ask questions. They, or staff, or whoever it is should be entitled to have legal counsel with them, because this is really a court of law with even broader powers.

Mr. MacDonald: It is a royal commission.

Hon. W. Newman: No, but there are even broader powers than a court of law here. I think this is all very necessary.

Mr. MacDonald: It is a royal commission a judicial inquiry. That's what we moved into—

[8:30]

Hon. W. Newman: Can I finish, Mr. Chairman?

Mr. Chairman: Go ahead.

Hon. W. Newman: I'm just pointing out that I'm fully aware of all of the things you're suggesting. Certainly the witnesses should be called in an orderly fashion, as we agree in the committee tonight. If they don't come on a voluntary basis, the Speaker has the right to issue a writ so that they can be subpoenaed. I have a suggested list—not in any particular order—of 16 people or 17 groups that should be called before the committee.

Mr. MacDonald: Who are they?

Hon. W. Newman: May I just finish? There may be others you want to call. This is just a suggestion I have tonight. There may be individuals certain people may want to call. Maybe individual members from either party may want to come in and give evidence. There may be certain boards.

I have a very rough list here and, Mr. Chairman, with your approval, I'll run through it. It is not necessarily in order of importance or anything else. We want to get at the allegations that have been going about.

We've got Loblaw's, Dominion Stores, Steinhilber's, Oshawa Group, Retail Council of Canada, Grocery Products Manufacturers of Canada, Ontario Food Processors Association, Ontario Federation of Agriculture, Ontario Fruit and Vegetable Growers' Association, Greenhouse Vegetable Producers' Marketing Board, Fresh Fruit Growers' Marketing Board, Ontario Apple Marketing Commission, Fresh Grape Growers' Marketing Board, Ontario Processors Board, Ontario Egg Producer

Marketing Board, and Consumers' Association of Canada, Ontario Division. Those are just some I have listed.

Mr. Riddell: Which did you miss?

Hon. W. Newman: I could have missed a lot.

Mr. Riddell: The Farm Products Marketing Board and Ontario Food Council.

Hon. W. Newman: As I pointed out, I'm talking about outside groups right now. Quite obviously, you've made it very clear you want to call representatives of the Farm Products Marketing Board, and representatives from the Ontario Food Council, I understand that. I'm only suggesting outside groups. You might want to expand on that.

Mr. Chairman: Mr. MacDonald has the floor.

Mr. MacDonald: I've spoken if Mr. Nixon wants the floor.

Mr. Nixon: Gee, I'm glad to have a chance to speak before Mr. MacDonald goes on with an additional list of information.

I do not agree with Mr. MacDonald's concept that we've bungled our way into a royal commission. I think that's the attitude which is depreciating the value of these committees. We are here as elected members with a certain degree of expertise and a certain degree of unsophistication. If we're going to array ourselves with a battery of lawyers and consultants and sit here while they do our work for us, then I think we should be ashamed of ourselves.

What we are prepared to do, using our own good sense, is to call before us the people who have got to be involved in this from our point of view, hear what they've got to say and question them. If we need legal assistance for questioning that is okay, but I don't think that's important. We should use our own sense as to whether there's no case here, that the thing has been looked after, that it existed for a short period of time and because it was raised in the Legislature it disappeared for all time; or if we find that it has ramifications leading into a variety of areas of the agriculture industry or elsewhere, we can make a very proper recommendation to the Legislature at the end of the second meeting, if we so desire, that we recommend to the government that a judge be appointed or a royal commission be appointed and they can have the budget for the kind of investigation Mr. MacDonald is talking about.

I personally disagree with him flatly on his concept when he lights up and says: "We've bungled into something and we know not what we do." I believe we do know what we do. Our responsibility is to look into this

matter as members—maybe it's on a partisan basis to some extent—with one single thought, and that is to do what's best for the industry. If it turns into some kind of a can of worms with interlocking directorships and so on, I would be very quick to recommend to the government that a commissioner be appointed. When he makes his report, then we would have a chance to comment on that afterwards. I hold that view very strongly.

Mr. MacDonald: I don't want to get into an argument with Mr. Nixon tonight. All I can say is that when you're examining the most complex industry in the world and when you're doing it in terms of bringing them in and getting them to reveal things they have engaged in that are unethical and perhaps illegal, you're dealing with a highly explosive, sensitive, legal problem. If you think that can be handled by rampant amateurism, you're treading on dangerous ground. However, I'm willing. I don't want to denigrate committees of this Legislature. I've been spending a lot of time trying to make them effective, sometimes with opposition.

Mr. Nixon: Darn right.

Mr. MacDonald: You're right. Without pursuing that argument any further, I want to make a suggestion. We can't, as a snap judgement tonight—we don't want to spend the time of a group of this size—may I make a suggestion that we set up a steering committee of one member from each party on the committee to examine and advise as to who should be invited. That can be added to, because we are going on for a period of two weeks and we may find along the way that we want to add to it, but at least you have a collective group.

Another of the problems we are running into on committees—select committees particularly—that I have been experiencing recently, is the feeling that the chairman of the committee exercises too much power—arbitrary power without consultation with the members.

Mr. Nixon: I already had that idea.

Mr. MacDonald: That used to be the traditional way the committees were operated. I think one way of coping with that is for the chairman to chair a committee of a member from each party that will meet—conceivably Tuesday morning or some time on Tuesday—to take a look at the list. Meanwhile, the members who are chosen, and we can perhaps do it tonight, can solicit advice from other members of their caucus and so on, so that we can come together. That is point one.

The second point is, and I hope I can persuade Mr. Nixon to agree with this: it is complex and legalistic and sensitive enough, and if you don't think it is now, you wait until you get Loblaw's up there and you start grilling them about kickbacks; if you don't think it is a sensitive situation, you will find out damned quickly how sensitive it is. Therefore, I think we have got to have legal counsel.

I want to make a specific suggestion. There is no man in this province who is more highly regarded across the board in terms of legal counsel, and who is more thoroughly knowledgeable so that he is not going to come in and try to figure out what goes on in the agricultural world—he knows it like the back of his hand—and that is H. E. Harris.

If he is available to be counsel for the committee he is not taking part in this; he is just guiding the things, he is just protecting the legal interest of it. I don't know if that raises problems of conflict of interest, because he is already counsel for many of the agents and for many of the marketing boards. I think I would let him make that decision. One of the great problems in getting counsel is to get someone who comes in with enough knowledge that he doesn't take the first six weeks to figure out what the whole game is about.

In the instance of Edge Harris, he will know what agriculture is all about from the word go, so that he would be profoundly useful. I have enough respect for his integrity that I don't think he would be abusing it and getting into a conflict of interest situation, but he may feel that is the case.

My first point is we need a steering committee to decide whom we want to invite. My second point is that if Mr. Harris is willing, I would, without making it a motion, suggest that an inquiry should be made to him as to whether or not he would come. Our problem is if you want him to be here next Wednesday he should be told tomorrow.

Mr. Chairman: Well, Mr. MacDonald, would that not be up to the steering committee to decide that?

Mr. MacDonald: But if the steering committee isn't meeting until Tuesday—

Mr. Chairman: Right. I understand what you are getting at.

Hon. W. Newman: Mr. Chairman, may I have a word here? I have a lot of respect for Edge Harris. As you well know, we were both out to pay our respects to him as an outstanding marketing board lawyer. My only concern would be that he does represent many of the marketing boards in the province. If some of the boards want to come before

us and present their case they will want their legal counsel with them. In many cases their legal counsel will be Mr. Edge Harris. That is my only concern; it would put him in a very awkward position.

I have no doubt about his integrity and his ability. I support that all the way, but I do point out that you are going to be delving into, as a dimension of the House I am sure minutes of the Farm Products Marketing Board. He is involved with the boards and I think we would be putting Mr. Edge Harris in a very difficult position by suggesting that

I am quite prepared to go along with the committee, but I do feel tonight we have to decide basically who is to be counsel for the committee and if we are going to allow the various groups coming before us whoever they may be, to have their legal counsel with them, I think that is only fair but I think we have to look for somebody else in all fairness.

I would welcome Edge Harris, but I think we have to look at somebody else who is knowledgeable about the agricultural field who would do a good job for this committee. Edge Harris, I know, acts for many of the boards, and they would probably have him with them when they present themselves before this committee.

Mr. MacDonald: Mr. Minister, you may recall I said the proposition should be put to him, because I think he is incomparably the best man, but he may automatically rule himself out because of his position.

Is it not possible to line up the first two or three people—for example Peter Hannan of the OFA, where we won't get into the problem of the need for legal counsel as much as we will at later stages with others—to cover Wednesday, and leave until Tuesday—though quite frankly I don't know who over this long weekend, is going to explore all the needs of this?

Hon. W. Newman: There is one person I would suggest to you, but I know that other people will probably want to use him too. This is a limited field; with all due respect to the legal profession there are not many lawyers who are really knowledgeable in the field of agriculture, the Farm Products Marketing Act, and the federal acts and our provincial acts. There are not many available who are not acting for a board who could act for the committee. Maybe we could come up with some suggestions tonight, because whoever it may be has to be contacted tomorrow. You can't just call him on Tuesday.

Mr. MacDonald: Do you have a suggestion? Frankly, I ask for it, if you have.

Hon. W. Newman: The only fellow I could think of, although again he might have a conflict, is Bill Poole of London, Ontario. He has done a lot of work in the agricultural field.

Mr. MacDonald: If he can get time off from the Freedom of Information Commission.

Hon. W. Newman: That's right, I'm not sure. He may have a conflict because he may be acting for some of the boards or others too; that does create a problem. I'm only throwing that out as a suggestion.

Mr. MacDonald: I don't think he has acted for boards. I think he's acted—well, you may be right, sorry.

Hon. W. Newman: He has done some work in the past, quite honestly, for the ministry. I don't know how much work he's done for us; not a great deal, but I certainly think he's knowledgeable in agriculture. I only bring that name forward because he doesn't have so many boards, and I think he's both knowledgeable and capable. I mention that in passing.

I don't care who we get, I just think we have to decide on a legal counsel for this committee tonight so he can be contacted. We don't want somebody who is not familiar with agriculture who, as you say, is going to spend the first four weeks familiarizing himself with what we're doing. I don't say that unkindly against the legal profession.

Mr. Hennessy: One thing you have to be well aware of is you can't take a person who is wearing two hats. In getting a person who is satisfactory to the three people in the committee, if there are three members, one from each party, does the minister sit on this committee?

Mr. Chairman: My understanding is that there are three representatives, one from each of the parties and the chairman. Is that correct?

Mr. MacDonald: That's right.

Mr. Chairman: There will actually be four people.

Mr. Hennessy: What confuses me, being a member here, is you get people who are usually against a certain subject, they vote for the subject and then say it's a bad deal; but they still voted for it. Then they come along with a lot of suggestions. It makes you wonder what direction we're going.

If I was against something, I would use my own conscience and vote against it, not only after you made a bad deal but I voted with you. Where does that put the Scotsman?

Mr. Chairman: I think, Mr. Hennessy, the purpose of this steering committee is to more or less line up the legal counsel and also the various boards and various super-market executives—

Mr. Hennessy: I think MacDonald's idea is not the right one.

Mr. Chairman:—we want to appear before this committee.

Mr. Nixon: Mr. Chairman, you don't want a motion for a steering committee, do you?

Mr. Chairman: I think we should resolve the problem here tonight and decide who is going to be on this steering committee from each one of the parties.

Mr. Nixon: I would move that Mr. MacDonald and Mr. Riddell and—

Mr. Hennessy: And yourself.

Mr. Nixon: No, no, no; I would suggest the Minister of Agriculture and Food could be on the steering committee.

Mr. Hennessy: That's what I think.

Mr. Nixon: After all, he's got contacts and so on. I think it would give the steering committee—with great respect to my colleagues—at least the heft and the idea that the three parties want to get together and get to the bottom of this and get it all out in the open. The minister is not a member of the committee, but I'm sure that he is going to be deeply involved in the whole thing.

Mr. McNeil: He could be a member of the steering committee.

Mr. Nixon: I would so move.

Mr. Hennessy: I'll second it.

[8:45]

Mr. MacDonald: Mr. Nixon, would you mind adding to it, that the steering committee be empowered to seek permission from the Board of Internal Economy for the hiring of a necessary counsel? You and I are familiar with the new requirements of committee staffing.

Mr. Nixon: Yes, that's certainly appropriate, it should definitely be a part of the motion.

Mr. MacDonald: So the motion is that the steering committee be the three people named and that they be empowered to decide on who should be invited to come, subject to further suggestions from the committee; and secondly, that they approach, at the earliest possible date, the Board of Internal Economy for authority to secure necessary counsel.

Mr. Chairman: Is that satisfactory to members of the committee?

Agreed.

Hon. W. Newman: I am concerned that some of us may or may not be here tomorrow. If we could decide on a potential lawyer for the committee,—

Mr. MacDonald: I'm happy with the suggestion of Poole.

Hon. W. Newman: May I just finish? If Mr. Poole feels he has any conflict, the other suggestion brought to my attention, and I don't know if he's available, is Bill Anderson of the legislative counsel, who by and large goes over all the legislation that goes through the Legislature. He is very familiar with the agricultural field. All I'm trying to do is to try and make sure we have the necessary counsel.

Mr. Nixon: Yes, he is familiar with the agricultural field. He used to work in the Ministry of Agriculture and Food.

Hon. W. Newman: I don't care. I'm just pointing out to you that whoever is going to be approached, in fairness to lawyers, who are very busy, that somebody has to be notified in time to be in place for Wednesday morning.

Mr. Nixon: Is Mr. Anderson presently employed by the legislative counsel office? I think that would be a great advantage.

Hon. W. Newman: Yes.

Mr. Riddell: If there was any thought that either of the other two lawyers, Edge Harris or Mr. Poole had a conflict of interest, we should rule them out right now. I don't think you can have somebody as committee counsel who does have a conflict of interest. I can see Mr. Harris endeavouring to cross-examine, say the chairman of the Farm Products Marketing Board. I think there's a personal friendship there and I just don't think we could have that; Mr. Poole if he is in the same boat, same thing.

Hon. W. Newman: I don't think he is. I don't even know if he knows the chairman of the Farm Products Marketing Board. I would assume he does, but I don't think there would be any conflict there. I'm not sure whether it's legal or proper to have Bill Anderson of the legislative counsel.

Mr. Nixon: I think that the Board of Internal Economy would be delighted.

Mr. Chairman: Mr. Hennessy.

Mr. Hennessy: Would it be in order, Mr. Chairman, to move that the minister be empowered to pick the counsel, subject to the approval of the three members of the committee? Then Mr. Newman will come up with some names for you people tomorrow so it will be easier to contact Mr. Riddell

and Mr. MacDonald and have it fixed rather than trying to get all the committee to act on it and half of us aren't here.

Mr. MacDonald: Mr. Chairman, we're talking about getting people in with conflicts of interest. I have the interests of the minister deeply at heart, and quite frankly if you're going to be investigating a situation in which he's going to be involved marginally, or what not, I think it would be far better that the committee should make the decision. The problem, in saying that he's going to make the decision—

Mr. Hennessy: No, he's going to make the recommendation.

Mr. MacDonald: He's going to make the recommendation. I was hoping to get off to the cottage this weekend. I wasn't going to be around tomorrow.

Mr. Hennessy: I want to keep you here that's why.

Mr. MacDonald: That's what I thought. The committee won't be meeting until Tuesday. Is it possible for the committee to say Poole, Anderson, X, Y, Z; and the chairman approach them? If the committee agrees that Poole is the best man because he's detached and outside of the legislative counsel and so on, but is experienced in the field—I don't think he has any continuing commitments, he's been on royal commissions of that nature, boards, advisory committees and so on; is there any existing group that he's on?

Hon. W. Newman: He's been on the arbitration board for us; he has acted as an arbitrator.

Mr. MacDonald: But I don't think he's on any board at the moment or anything at the moment.

Hon. W. Newman: Except the one that you mentioned, whatever it is.

Mr. MacDonald: Oh that's the Freedom of Information Committee; that has nothing to do with this.

Hon. W. Newman: He's on fruits, vegetables, grains arbitration boards.

Mr. MacDonald: Is that correct? At the moment?

Hon. W. Newman: At the moment, yes.

Mr. MacDonald: Crop insurance?

Hon. W. Newman: He's really an adviser to the crop insurance people, from a legal point of view.

Mr. MacDonald: I don't know Mr. Anderson, but he is obviously familiar with the agricultural field. Bob has a point, as the champion of restraint and saving these days we might be able to borrow him for two

weeks at no charge. I have no objection to it, if we can get Mr. Anderson.

Hon. W. Newman: Would you go along with Mr. Harris? I think there is a real problem there. No doubt about it, he is probably one of the best qualified; second, Mr. Poole, and third Mr. Anderson. I am sure Mr. Anderson is not going to be very happy about being asked because of the work load he is carrying now.

Mr. Riddell: Are you still suggesting that we approach Mr. Harris?

Hon. W. Newman: I say that he would probably have a conflict. I am quite prepared to take it up; I am at the committee's disposal.

Mr. Riddell: Mr. Chairman, we are probably going to have the OFA and BGA in here, the Farm Products Marketing Board, the Ontario Food Council—maybe some other boards. I just can't fathom Mr. Harris.

Hon. W. Newman: All I am doing is trying to make some suggestions. I am trying to get down to the final solution. Would you accept Mr. Poole if he can be contacted?

Mr. Riddell: I would accept Mr. Poole.

Hon. W. Newman: Maybe I could ask one of my staff if he would slide out now to see if Mr. Poole can be reached, wherever he lives.

Mr. Riddell: I have a great deal of respect for Mr. Harris, but I think in all fairness to him we just shouldn't be inviting him.

Mr. MacDonald: Mr. Poole lives in London, but I don't know whether he is in Toronto today at the Freedom of Information Commission.

Hon. W. Newman: Maybe I could ask Mr. Frank Gallant from my ministry, who knows Mr. Poole, if he would call him to see if he could come. It's not fair to have the committee meet on Tuesday and say: "Look, we need you here Wednesday morning." Somebody has apparently gone out to try and reach him to see if he would act; that would resolve some of the problem.

Mr. Nixon: There is another point that has just been raised by a couple of members. There would be no question about Hansard or this, since it's going to be part of the estimates.

Mr. Chairman: That's up to the committee members to decide on, of course. I am sure that if it is requested we can proceed with Hansard. Since we are pretty well resolved, I think it should be left up to the members of the steering committee and the minister. We have enough leads as far as legal advice, or the committee to proceed.

Mr. MacDonald: Are we holding a committee meeting on Tuesday morning?

Mr. Chairman: We will see what happens here tonight first.

Mr. MacDonald: Can we decide when we are meeting on Tuesday before the end of the meeting tonight?

Mr. Chairman: Yes, I think we can decide tonight, Mr. MacDonald. The steering committee will meet as you suggest, Mr. MacDonald, probably some time on Tuesday, and make final arrangements for our first meeting on Wednesday morning, May 24.

Mr. MacDonald: I fully accept that—except that if you are going to be calling witnesses for Wednesday and we meet on Tuesday morning or Tuesday afternoon and get on the phone and say to Peter Hannam: "Look, we want you here at 10 o'clock tomorrow morning."

Hon. W. Newman: May I make a suggestion? Could we pick perhaps the first three or four witnesses tonight—

Mr. MacDonald: That's the point I was getting at.

Hon. W. Newman: —as a total committee, and then they could be notified tomorrow. After all, those people do have jobs too, whoever they may be. And it's not fair to say on Tuesday: "We want you here on Wednesday morning." Maybe we could pick out our priority; four or five people—be it the chain stores or Peter Hannam or whoever it may be. Perhaps Peter would want to come on after he's heard from some of the chains.

Mr. Chairman: Very well. Are there any suggestions from the members of the committee as to who we would like to have for Wednesday morning?

Mr. MacDonald: I think the people who are most likely to be willing to come and give what they've got would be people like Peter Hannam and perhaps the Ontario Fruit and Vegetable Growers' Association or the OFA and BGA. Who else?

Hon. W. Newman: The allegations that have been made—and I use the word allegations at this point in time—have been really to do with the movement of food products, primarily from a proper processor to the retail trade, and I'm just suggesting that many of those people may not like to come forward, but it might be very advisable to have maybe one or two of the chains, if they're prepared to come—

Mr. Nixon: Perhaps they could be informed tomorrow and then we could ask them if

they could make it Wednesday; if not then on Thursday or the following Tuesday. We can give them a bit of a choice; we could even contact them by telephone and tell them that a letter is following from the committee.

Hon. W. Newman: Well could you set up a priority tonight? We would be glad to get on the phone tomorrow.

Mr. Nixon: The president of Loblaws.

Hon. W. Newman: Loblaws?

Mr. MacDonald: Loblaws, Dominion, IGA, and Steinbergs.

Hon. W. Newman: Is your first choice Loblaws?

Mr. Riddell: Yes.

Hon. W. Newman: All right.

Mr. Nixon: We like them all.

Mr. Yakabuski: Dominion better than Loblaws.

Mr. Nixon: Mainly because of the meat!

Hon. W. Newman: Number two would be Dominion?

Mr. MacDonald: All four of the major chains.

Hon. W. Newman: And Steinbergs, the Oshawa Group?

Mr. Nixon: No priority.

Mr. MacDonald: Right.

Hon. W. Newman: So that would be four people, who would probably take at least two and a half hours I would think. We would be glad to contact them in the morning, ask them to come on a voluntary basis and if not, of course, you would get the necessary legal documents you need from the Speaker. That could be sorted out in the morning. Who will be around tomorrow on this committee, in all fairness, because the House is not sitting? Will you be around tomorrow, Jack?

Mr. Riddell: Well I can be, I wasn't intending to be, but it can be arranged.

Hon. W. Newman: If you could leave it with us and we could get your home phone numbers or wherever it is we could reach you, we will contact these people to see if they'll come voluntarily.

Mr. Nixon: He's got a phone on his tractor.

Mr. Riddell: When you approach the president of Loblaws, if that's who you're approaching, make darn sure he's knowledgeable about Safeway and Foodwise.

Hon. W. Newman: I would assume the president of Loblaws would be familiar with all these subsidiary companies.

Mr. Riddell: We would hope so.

Mr. McGuigan: Would you also ask the head produce buyer to come along with him? He's a vice president.

Hon. W. Newman: The produce buyer for all these companies?

Mr. McGuigan: I think so.

Hon. W. Newman: Okay. I don't know where they are. I have talked to some of these people today and I will get into that at some length, when we get into the committee. I took it upon myself because I wanted to find out if they would be available. I assumed that the motion would carry tonight. I've been asking them but didn't make any specific demands upon them; but certainly if you would leave it with us we will contact these four people and ask them to be on standby. They may not come in the order you have asked for them—Loblaws, Dominion, Steinbergs and the Oshawa Group—but whoever can come on Wednesday morning—

Mr. MacDonald: Add to those two the OFA and OFVGA; it seems to me those are six obvious groups.

Hon. W. Newman: Okay.

I understand we have with us tonight Mr. Alastair Smith from the Retail Council of Canada. Maybe he could advise his members they will be called. I don't know if that's a fair thing to ask or not, Mr. Chairman?

Mr. Chairman: Sure.

Mr. A. Smith: I'd be glad to help in any way, Mr. Chairman. It would be very easy for us to contact the president of the four named companies in the morning. I think, as far as I know, they're quite prepared to be here and co-operate in every possible way. So we would be glad to do that.

Mr. Chairman: That's excellent, Mr. Smith; I'm sure the members of the committee concur with your suggestion and assistance in getting the executive personnel from the supermarkets to appear here. So will you be contacting them, Mr. Smith, then?

Mr. A. Smith: Yes, I understand it's Loblaws, Dominion, Oshawa—and when you're mentioning Steinbergs are you referring to Miracle Food Mart, which is a division of Steinbergs?

[9:00]

Hon. W. Newman: Yes, that's right.

Mr. Chairman: Is that agreeable to the members of the committee?

Agreed.

Mr. MacDonald: You will alert OFA and OFVGA and Peter Hannam.

Hon. W. Newman: Yes. The federation and the Ontario Fruit and Vegetable Growers Association.

Mr. Chairman: Mr. Wildman.

Mr. Wildman: Mr. Chairman, on a point of information: This may have been dealt with before I came in, but since this might tend to be, and probably will tend to be, a quasi-judicial inquiry at times, will the committee have authorization to administer oaths, to hear testimony under oath?

Mr. Chairman: Yes.

Hon. W. Newman: Mr. Chairman, I think this is a very important situation; I guess it's the second one we've had in the Legislature. One was on OHIP and this is the second one, although this is somewhat different from OHIP. I would like to get from you, Mr. Chairman, the committee's feelings on people who might want to come forward on a voluntary basis, people we do not contact. Would you allow that sort of situation, or how wide open are you going to make it? You might have a small businessman somewhere who would like to make a presentation before this committee.

I realize there are time restrictions. Are you going to limit who is going to be invited? You can say you can leave that all to the committee, that's fine, but I would like to get some general direction from the committee here tonight. What if Mr. X from such and such a place, or Mr. Y from such and such a place, wants to come in and present his case, whatever it may be?

Mr. MacDonald: Having gone this route in another connection, I think your problem here is going to be that you are in a time constraint. You are meeting for 15 hours—six periods of two and a half hours, 15 hours. I would think that we've got to run the risk of saying to some people who want to come that if we have time, fine; but that we want to invite those whom the committee feel—which in the first instance will be the steering committee—should be invited. If we have time at the end, it's wide open. But if we are committed to a limitation of 15 hours, I don't think there is any point in issuing a broadcast to the world that everybody who wants to speak come on in; because, my God, they are going to be camping on the doorstep and you'll think it's a Grey Cup game.

Hon. W. Newman: Mr. Chairman, my only comment is this—and I just point this out to you: Today I received a confidential letter from a person who wanted to be left confidential for their own particular reasons, and I am not going to mention any names or

where they are from. Now, I would like to feel that I could call that person and say: "Look, if you want to appear before this committee to present your case, then you can do it." They may say yes, they may say no; but I only use that as an example.

Mr. MacDonald: Mr. Chairman, I think that is a wee bit different than to broadcast to anybody who wants to come. You have a letter; I have one or two names of people whom I have spoken to in the last while who have information, and they say: "Look, I'm not going to give you that information. I don't want my name associated for the very reason that Peter Hannam spelled out. There are reprisals and there is intimidation in the industry."

So what you are saying is that if there are individuals beyond these organizations who have either sent letters to you confidentially, or whom Bob may know, or I may know or Jack may know; fine, we invite them. But I am persuaded that you are going to get yourself into a real problem if you broadcast to the world that anybody who wants to come is going to have an opportunity, because I am sure by the time we have heard all the people we want to hear, the 15 hours is going to be exhausted, if not once twice over.

Hon. W. Newman: Mr. Chairman, my only comment was this, there will be certain individuals as you have mentioned—

Mr. Nixon: The steering committee will deal with that.

Mr. MacDonald: Let the steering committee deal with that.

Hon. W. Newman: It's fine to say the steering committee will deal with it and they will deal with it, but by the same token we might take up the first five hours with one chain. I think we've got to keep in the back of our minds the time frame to allow some individual person to be heard.

Mr. MacDonald: Fair enough.

Mr. Riddell: It is my understanding too, Mr. Chairman, that no names will have to be divulged on the part of any witness. I am thinking now of Peter Hannam, but I'm sure that Peter Hannam will not want to mention names of people he got information from, and I trust that he will not be expected to divulge such names. Is that correct?

Mr. Chairman: Go ahead, Mr. Minister.

Hon. W. Newman: Mr. Chairman, as I said today in my statement in the House, we will treat anything with confidentiality.

Of course, you come back then to your committee which is an extension of the

Legislature. Do we agree at a point in time—and we have done it before on a select committee, although I don't know if we can do it here; I am not a lawyer but maybe one of the lawyers can advise me—that in order to take the appropriate action, it may be necessary to disclose information either confidentially to the ministry staff or to myself in order that we can pursue a matter. You know we can't do it by innuendo. What you are really saying, in effect, is that this room would be closed to the press if somebody wants to give confidential information. Is that what you are saying?

Mr. Riddell: I would think it would have to be, because I think that Peter Hannam would be very reluctant. Of course I suppose he can be subpoenaed, but he would be very reluctant, I think, to reveal any information he has if he thought he had to also reveal the source of that information.

Mr. MacDonald: May I suggest a solution to this? In the instance of people like Peter Hannam, who has a great number of informants on the basis of which he made that speech the other day—he didn't make that speech off the top of his head; it's a consensus of views he has solicited from all the farm organizations—the answer may be to say to Peter in advance, or when he's here, are there people he's aware of who are willing to come and testify and to let him make the initial approach to them. If somebody has given him information which is critically important, he can say to this person: "Look, you have the privilege of coming and testifying under oath and with full protection of the whole process here"; and if they want to come, fine. He can give the name to the steering committee, if you will. If they don't want to come, then we never even learn who the person is.

Hon. W. Newman: Well there is only one problem I see with that. It's fair enough, but if there are accusations made against any one of these groups, whether it be the chain stores or the brokers or whoever else is involved, then they have no opportunity—forgetting the name, if we can leave the name out—to really defend themselves on a particular situation. It's very easy for me to accuse—for instance I won't use a name but I accuse an individual of something or a company of doing something to me, where the company or somebody else has no comeback to defend or say what they have done. That also creates a problem, whether it's a company or whether it's a consumers' association or marketing board or whatever. It's very fine when we know we get full protec-

tion. I can come in here and I can say, well, so and so's a son of a gun, and he did this and this and this to me; but there's no way they can come back and defend themselves, and I think this can create some problems as well.

Mr. MacDonald: That's why, at the risk of being chastized by Bob Nixon, I warned that we were perhaps wandering into something whose full proportions we are a little innocent of.

Hon. W. Newman: Well perhaps, Mr. Chairman, I could make a suggestion. We could do it on an individual basis as they come forward, and we can make our various arguments—you know pro or con, whichever the case may be, as individual members of the committee. I am not defending anybody, if there's something wrong we want it to come out, but I would hate to see somebody accused of doing something without any opportunity of defending themselves, because we are really sitting here as an extension of the Legislature which gives us more powers, really, than the courts have; that would be my concern, in fairness and equity. That's all.

Mr. MacDonald: I think, Mr. Chairman, if I may say to the minister, at the end of five periods, it will prove to you that the only way to resolve this totally will be a judicial inquiry.

Hon. W. Newman: This is your opinion and you are welcome to express your opinions here and so am I. I think you might find differently. Let's keep an open mind on the matter. You quite obviously don't have that; I do.

Mr. MacDonald: I do.

Hon. W. Newman: No, you don't, because you said so.

Mr. Riddell: What we don't want to do is jeopardize anybody's livelihood and if it means that we have to have some in-camera sessions, then so be it. But we can't jeopardize anybody's livelihood. That is certainly not the purpose.

Hon. W. Newman: Mr. Chairman, I couldn't agree more, but by the same token, we don't use the person's name. The circumstances have to be laid out somehow. Mrs. X or Mr. Y or whatever.

Mrs. Campbell: With a mask.

Mr. MacDonald: Just let me deal with one point that Mr. Riddell has raised, though. I don't think for one moment we should consider any in-camera sessions. Our whole operation is going to become discredited overnight if, in a situation where a lot of

accusations are being made, it is looked at in camera. If we're talking to the public out there, if you want to persuade the public that there is something to be hidden, just hold it in camera.

Mr. McGuigan: I recall reading the Farm Products Marketing Act some years ago and I believe there was a clause in that which protected people who had disputes with canners and so on against reprisals. Is that still a part of the act?

Hon. W. Newman: If you'd remember my statements yesterday regarding the Farm Products Marketing Board minutes, when there are certain appeals by individuals on a certain case with a certain very, say, intimate—maybe that's the wrong word—very confidential information that's necessary to be brought forward, that is not made public. That's one of the things I indicated in my statement yesterday, or today I guess it was, to the House—yesterday, I'm sorry. That is quite true in hearings under the Farm Products Marketing Act, and under the Milk Act as well.

Mr. McGuigan: It's difficult to enforce, though; that's the only problem.

Hon. W. Newman: Section 4(c) of the Farm Products Marketing Act says, "after a hearing prohibit a person engaged in marketing a regulated product from terminating or varying without just cause the buying or the selling, as the case may be, of the regulated product," so that gives them the room to manoeuvre on that particular situation.

Mr. Riddell: Mr. Chairman, how do we protect these people? We know Peter Hannam has indicated there's this listing program where you have to list and it may cost you \$3,500 and then if you're going to have your product distributed it's going to cost you another \$4,000, and maybe a producer has had to pay that kind of money, but by the same token he doesn't want his name revealed. He's still got his livelihood. How do we protect that kind of guy?

Hon. W. Newman: I think as individual members of this committee we all have cases that we're familiar with. I'm quite sure of that. We've all basically, except for some of us, had somewhat of an agricultural background.

Mr. Wildman: That was a shock.

Hon. W. Newman: No, I wasn't trying to be facetious.

As an individual I may question a particular company and say, "Look here is a situation that I think prevails in your company. How do you handle that, or how do

you explain that?" Hopefully I would do it in such a way that in no way, shape or form would they know who I'm talking about. In a case where somebody is a very large producer, in that sort of a situation somebody may be able to trace it back, but you can use a hypothetical case. That's exactly what I would hope to do in my questioning, if I'm allowed to, of certain witnesses. I would say: "What would you do in such and such a circumstance and how would your company, or how would you as a marketing board, react in this situation?"

[9:15]

Mr. Chairman: We'll have to limit the discussion here. We have a quorum call right now; so I think we should adjourn for five minutes.

The committee recessed for a quorum call in the House.

On resumption:

Mr. Chairman: I see a quorum. We shall go on from where we left off when we had a quorum call in the House. I think the minister has some information with regard to legal counsel.

Hon. W. Newman: We have been able to contact Mr. Poole. He will be here on Wednesday morning. He has an appeal case on Thursday, which I think he will be able to cancel if necessary.

Mr. MacDonald: We are here Thursday evening.

Hon. W. Newman: But his appeal is in Sudbury. It's a crop insurance appeal and he's on the appeal board. May I ask if he should cancel that appeal? If you are agreed, we should get Mr. Poole, because I think we should have somebody in place.

There are one or two other things I would like to get sorted out here. The first is that if we are going to call one, two, three, four, five, six different people, there is going to be a fair amount of interest in this inquiry, I am quite sure. I am wondering about the capacity of this room to hold these people when we assemble Wednesday morning. I don't know how many people are going to come, but we have four chains, the Federation of Agriculture and the Ontario Fruit and Vegetable Growers Association. That's six different groups.

Mr. MacDonald: No more than two for any one session.

Hon. W. Newman: This is the order in which you gave them to me. I am just pointing out if you are going to invite all six groups for the first day, in case you

finished with the first four, if they are all going to be here you are going to have trouble with the seating capacity in this room. I am just asking for direction on that.

Mr. MacDonald: Let me try this on for size: isn't it realistic to say that you don't want more than two for any one session? One may run for the whole session, but you want to have a backup in case you run out with the first one, but no more than two for any one session. So you find out which ones are available to come on Wednesday morning and which ones can come on Thursday night. And the first four that are available to come are the ones who are invited.

Hon. W. Newman: If any are available, we will work on them in the order you gave them to us and pick those two who will come.

Mr. Chairman: We will have to work on the basis of the availability of the people.

Hon. W. Newman: That's right. But what I am saying, Mr. Chairman, is that if you say Loblaws and the Ontario Fruit and Vegetable Growers Association can come, and then we say, "That's it," there will be only the two. If you don't, if you are going to have all six here, you are going to have—

Mr. Chairman: It wouldn't be fair to them.

Hon. W. Newman: Two—is that agreeable to the committee?

Mr. MacDonald: Mr. Chairman, may I make one suggestion? I don't know the reaction of the general farm organizations. Who is the head of the fruit and vegetable growers association?

Mr. Riddell: Peter Lindley.

Mr. MacDonald: I don't know whether they want to come first and present their general case, so that we could then get it documented by questioning the other people. They may want to come first because, quite frankly, their problem has been to find people who are ready and willing to provide the evidence.

They want to present the general problems. They are convinced there are problems out there and with that information—more detailed than we have in the speech by Mr. Hannam—we have the basis for questions to the supermarkets.

In short, what I am saying is, if they are willing to come first—the two of them, for example, on Wednesday morning—I feel most comfortable with the thought of letting them speak their minds; and then we can go to the people from whom we can get the information.

Hon. W. Newman: I am asking for directions. I know you have a committee that is going to meet on Tuesday but, in fairness, I really think these people have to be contacted tomorrow or tonight, either one, to deal with this particular matter, in fairness to them so they can be prepared, because they are probably going to need Tuesday to get their case prepared.

If you will give me directions, Mr. Chairman, I am quite agreeable to do the contacting. But we certainly don't want any misunderstanding on this committee on who we contact; that's all.

Mr. Chairman: Also whether they will be available. You are mentioning Mr. Peter Hannam. Maybe he won't be available on Wednesday morning, for example. So we will more or less have to sort out who is available for the morning session.

Mr. Riddell: You've got six names there. I would say that we proceed with whoever is available on Wednesday morning.

We may well want to contact Peter Hannam and Peter Lindley first. If they can appear, fine and dandy. Whether the two of them can take up two and a half hours or not, I don't know; but you might want to have a third backup.

Mr. Chairman: Yes, and in the event that either of those two gentlemen are not available, then perhaps we should contact Mr. Smith to ask him; but we should try to find out perhaps tomorrow.

Mr. MacDonald: Mr. Chairman, I think they should all be alerted for Wednesday morning, Thursday night, the following Tuesday night and the following Wednesday morning.

In what order, we don't exactly know, and we meet their convenience. It is a case of negotiating to meet their convenience, but they should be told that there are going to be five periods, two next week and three the following week, and we will fit them into such of those periods as they can fit into.

Hon. W. Newman: Fine, Mr. Chairman. I am only too glad to help the others.

My other concern is, because I want to make sure we do this right; and Mr. MacDonald has been through it before, I guess when he was chairman on OHIP—

Mr. MacDonald: No, Hydro.

Hon. W. Newman: You were chairman of Hydro.

What about people who would like to come in and listen to the evidence—for instance, Peter Hannam's? The association wants to come in.

Mr. MacDonald: Sure.

Hon. W. Newman: But then you get into confidentiality. Why don't you sort that out tonight too?

Mr. MacDonald: I am sorry. This is a public inquiry.

Hon. W. Newman: Okay.

Mr. MacDonald: Nothing is confidential. All the testimony is going to be open to anybody who wants to listen to it. It is on the record and they can get a copy of it afterwards.

Hon. W. Newman: That was my understanding, but I wasn't sure because of what Mr. Riddell said.

Mr. Riddell: I guess we have to go along with that. I was just thinking of some of the ones who have the information but they are not too fussy about revealing it. But we will cross that bridge when we come to it.

Is there anything wrong with moving up into room 225 or 228?

[9:30]

Mr. Chairman: It's not any bigger, I am told. It's only about five or six seats larger than what we have here. We'll have to see on Wednesday morning just what the turnout will be and from there on we can decide.

Mr. MacDonald: You may have to move to the Macdonald Block for subsequent meetings.

Mr. Chairman: It's a very good block, by the way, Mr. MacDonald. Isn't that right?

Mr. MacDonald: Very square.

Mr. Wildman: It might be useful if we could have someone like Peter Hannam to start with, since he has raised a number of allegations. It would be a good jumping-off point for the further investigation of the committee to then ask other people who have knowledge in the field if they can reply to those kinds of problems that he has raised.

Mr. Chairman: Very well.

Hon. W. Newman: Mr. Chairman, again, I just want to make sure this is done properly. Should we have a motion to hire Mr. Poole? We agreed, but I don't think there was a motion, was there?

Mr. MacDonald: The motion that Mr. Nixon moved was that the steering committee should be empowered to seek authority for the hiring of counsel. But let me warn you: You, too, are innocently walking into a great problem. Counsel can be hired for any committee—as of a week ago last Monday night—only when they get approval from the Board of Internal Economy, but I find it

inconceivable that the Board of Internal Economy would deny the request.

Mr. Chairman: In principle, if we approve Mr. Poole, then on Tuesday could—

Mr. MacDonald: If the Board of Internal Economy denies it, I'll pass the hat and put in my 50 cents to pay him.

Mr. Chairman: The steering committee can decide on Tuesday on that matter. Any further discussion with regard to our opening meeting on Wednesday morning? If not, when we adjourned yesterday afternoon, Mr. MacDonald had the floor, responding to the opening remarks of the Minister of Agriculture and Food. Mr. MacDonald, would you like to go ahead, please?

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

Mr. MacDonald: There's only one issue in a number of aspects that I would like to deal with in the concluding part of my introductory remarks, and that is the whole question of the preservation of prime agricultural land.

I'm not going to thrash old straw here. The minister is painfully aware of the fact that I have pointed out to him innumerable times that organizations like the Ontario Institute of Professional Agrologists and the Rural Ontario Municipal Association have stated and restated on a number of occasions that if we're going to preserve prime agricultural land, the only way it can be done is to have legislative backing for that process. They have urged that legislation should be passed to protect class one, two and three land and that there should be a mechanism for considering any legitimate exemption for the use of such agricultural land.

I recognize that the minister has dismissed this as being a freeze. The whole debate has bogged down in that sort of an impasse. I also acknowledge that about 15 months ago, the minister issued the green paper on planning for agriculture, the so-called agricultural guidelines. Those guidelines are presumably being considered. There are one or two comments in connection with them that I wanted to make, but to bring it up to date with a bit of new comment from what I would trust would be accepted as an authoritative body, I would like to quote briefly from a presentation that was made—I don't know to whom, but it was sent to all members—called Crisis in the Countryside: New Directions for Land-Use Policy in Ontario, by the Ontario chapter of the Soil Conservation Society of America.

From page one of that brief, let me read one paragraph: "The provincial government is to be commended for its recent initiatives in developing policy for rural land use. Its white paper Ontario's Future, Trends and Options, and its green paper Planning for Agriculture, Foodland Guidelines, are steps in the right direction. However, the policy objectives set forth in the former document are only as good as the specific implementation initiatives which must follow. The latter document recognizes a very real need at the local level for procedures to protect farm lands through the existing official plan process. The glaring weakness in these initiatives is the province's unwillingness to set the stage at the local level with a province-wide farm land strategy." In short, they say: "Good, fine, as far as you've gone, but you've only taken the first step and agricultural land is not being protected by that."

Where do we go from here? Let me give you another quotation from a person whom I'm sure the minister would agree is acknowledged as an expert in this area, namely, Stephen Rodd of the University of Guelph, who was one of the consultants in the Huron study. In an article he wrote for the Bulletin of the Conservation Council of Ontario in October 1977, he made these comments:

"Agricultural priority areas are needed. We need action by the province together and in concern with the county/regional level to designate agricultural priority areas—not farming areas. They must also be urban priority areas with a large urban fringe and both recreation and forestry priority areas each designated to serve the interests of a dominant activity system in appropriate regions. These large selected areas would be based on matters of country-wide and provincial concerns."

A little later in his article he makes this comment:

"In all good farming areas not already planned for non-farm development we need a temporary action to halt further severances and consents for new scattered houses, especially in the large areas where farming and its relative activities show the potential of giving reasonable returns in the long-run, average basis to family farms and their labouring capital. We need a tentative designation by our province on a temporary basis until the counties and regions have the chance to implement the system."

In other words, he is pleading for an overall land-use strategy and some sort of mandatory requirements to move in and develop official plans that will designate

agricultural priority areas, urban priority areas, forestry priority areas and recreation priority areas so that people will know what the game is all about.

The thing that has really puzzled me and distressed me in this whole matter is that a year or so ago a Conservative member—Mr. McCague, now Minister of the Environment—introduced a private bill in the House. Incidentally, it is referred to in commendation in this Stephen Rodd article which I just quoted, as the appropriate kind of approach. I think I'm correct in saying that McCague's bill never came before the House for actual debate.

Hon. W. Newman: Oh, yes, it did.

Mr. MacDonald: Did it come before the House in debate? What happened to it? It was back in the days when we didn't have a vote so nothing happened.

Hon. W. Newman: I'm not sure whether it's still on the order paper or not; I couldn't tell you.

Mr. Riddell: It died on second reading.

Mr. MacDonald: Well, it died on second reading.

Mr. Wildman: It's on the order paper, but now it's called the Swart bill.

Mr. MacDonald: As my colleague has just scooped me, what happened was that the member for Welland-Thorold, Mel Swart, who was in here a moment ago, has introduced a bill that is virtually the McCague bill; so what we've got before us is now what I would like to call the Swart-McCague bill.

Mr. Riddell: Word for word, it's the McCague bill.

Mr. MacDonald: It's virtually the McCague bill, word for word. What distressed me was that the Conservative members saw fit to rise en bloc and guillotine that, so that there wasn't even an opportunity to vote for it. With the McCague bill at least we got passage on second reading. A year or so later, when the same bill came forward under the sponsorship of Mr. Swart, it was guillotined by the government members; so, in that intervening year or so, we went backwards. We weren't even given approval in principle.

I come to the minister: A year or so ago the minister spoke at a conference sponsored by the Bureau of Municipal Research, a spring conference on March 31, 1977. In that speech the minister reminded them that the green paper had been announced six weeks prior to that and it was now out for consideration, and so forth. Then he added: "The booklets are being distributed to the

municipalities, farm organizations and others for their comments before the guidelines become official government policy about five months from now."

He was speaking on March 31, and five months from now would take you on to about August or September. We are now in May of the following year and nothing has happened in terms of carrying the guidelines forward so that at least they would be declared as government policy and have a somewhat greater measure of authority and impact. As long as they are just guidelines, they are just guidelines. Indeed, if they don't have legislative backing, according to the OIPA and ROMA and a lot of others, they will never have any real impact. At least if they were proclaimed as considered government policy they might conceivably have a bit more impact, but we haven't got it.

What we have got is a situation in which things are so flexible that anything can be done if the appropriate pressure is brought to bear. What you have got—and I am going to document it—across this province is that when powerful individuals or on other occasions powerful economic forces—for example, developers—exert enough pressure they are able to get prime agricultural land for development without fulfilling what is in the guidelines the minister has spelled out, namely, that it should not be used if there is other land available.

That kind of protection simply isn't there; and I want to state my own conclusion, and I will document it, that what we have got at the moment because of this flexibility which permits anything to happen if adequate pressure is put on it, or economic pressure is put on it, is not the preservation of prime agricultural land but the destruction by instalment; a destruction by instalment in which the guidelines are not lived up to, because they don't look at whether there is alternative land that might be used for that project.

Without trying to block progress, they don't look at the alternative land. They gobble up the prime agricultural land and they use it. Let me go to specifics. Let me take first the case of Barrie—

Mr. Wildman: It's no coincidence that this is happening this evening.

Hon. W. Newman: Mr. Chairman, it is a quorum call. We are members and we should be in the House. I want my chance tonight, too, and I don't know if I am going to get it at the rate we are going.

Mr. Riddell: I was so wrapped up in what you were saying that I just hate to tear myself away.

Mr. MacDonald: There are only six of us here. Is that going to make the difference?

Mr. Chairman: There are seven of us altogether, Mr. MacDonald, including the minister.

Mr. MacDonald: Oh, yes; seven, that's right.

Mr. Chairman: I think we will adjourn for five minutes and attend the quorum call.

[9:45]

The committee recessed for a quorum call in the House.

On resumption:

Mr. Chairman: I see a quorum. When we adjourned briefly to attend another quorum call in the House, Mr. MacDonald was winding up his remarks, hopefully. Mr. MacDonald, would you care to go ahead?

Mr. MacDonald: That was a nice try, Mr. Chairman. I was about to list half a dozen or so illustrations of what has happened to agricultural land across this province, and the first one I wanted to discuss was Barrie.

I am not going to go into all of the details of the Barrie situation, but just let me remind the committee, what happened was that the city of Barrie sought to extend its boundaries to annex some 20,000 acres to be able to accommodate a population objective of 125,000 by the year 2011. The significant points at the moment are these: Barrie at the moment has a population of some 32,000. It has enough land within its existing boundaries to accommodate a population of 57,000. The most optimistic projections of Barrie's growth in the foreseeable future, up to 2011, was in the range of 70,000 to 75,000, despite the fact that the government, through Darcy McKeough, has fixed an objective of 125,000.

In the course of this hearing—and here we get to the nub of a really complex set of problems—Mr. McKeough wrote a letter to the Ontario Municipal Board when it was having the hearing and said: "Look, there are arguments being advanced as to whether or not Barrie can grow to 125,000," and in effect said, "Our objective is that Barrie should be a city of 125,000; that's government policy and, therefore, let's cut out the argument."

That presents a very nice problem. They had appeals through to other courts and the OMB was instructed by the divisional court on that appeal that Mr. McKeough had the right to write that letter. The dispute had been that some of the participants in this, from the neighbouring townships, for example, had contended that there was no point in proceeding with the OMB hearing because Mr. McKeough had in effect intervened and by

his intervention had rendered the whole thing rather a futile exercise.

I want to make a point here, Mr. Chairman: I happened to be on a select committee that reviewed the Ontario Municipal Act five or six years ago under the chairmanship of John MacBeth, and we heard testimony from the chairman of the Manitoba Municipal Board as we went across this country to get some cross-section of views on this kind of situation. He made a comment which I shall never forget. He said: "As chairman of the Manitoba Municipal Board, if I am presiding over something and I don't know what government policy is, I adjourn the hearings."

He said the municipal board is a quasi-judicial body. It doesn't make law. It interprets law. It applies law. Since it doesn't make law, it has to know the framework of the law in which it is operating and if it doesn't know it, it adjourns and writes to the Prime Minister or the appropriate minister and says: "What is the law? What is government policy in this instance?"

Therefore, despite a lot of people objecting to Mr. McKeough writing to the OMB in Barrie and saying, "Our policy is that Barrie should go to 125,000 population," I think he had every right to do so. The problem wasn't that he wrote and said that. The problem was that we hadn't had an opportunity back in the Legislature to examine the legitimacy of fixing an objective of 125,000 for the city of Barrie and, therefore, the need to gobble up some 20,000 acres of prime agricultural land. There had been no examination of that at all in any careful sense.

However, that doesn't end the problem for the Ontario Municipal Board, because I repeat, its function as a quasi-judicial body is to apply existing law and sometimes, may I add as unprovocatively as possible, particularly with this government, they have policies which are in conflict. What you had in the instance of Barrie was a declaration of government policy that Barrie should grow to 125,000 population when nobody had any evidence to suggest that it could grow in that time span up to 2011 beyond 70,000 or 75,000; and, without the most massive program of force-feeding Barrie to a growth far beyond its visible capacity, it could never grow to that.

That was one statement of government policy, but there was another statement of government policy; namely, that agricultural land shouldn't be needlessly destroyed. I think it is legitimate that the OMB should say to Mr. McKeough who wrote that letter: "All very well. You say Barrie is to grow to 125,000, and that's going to use 20,000 acres of

land, but you also have another policy that says that prime agricultural land is to be protected. We have the right to reconcile those conflicting policies."

Interestingly enough, the game is not over yet. What the OMB did was, to a certain extent, precisely that. They didn't concede Barrie the right to annex 20,000 acres. They conceded it the right to annex 8,800 acres although I am told by people who are knowledgeable in the area that Barrie, beyond its already unused land within its existing boundaries, didn't need more than 3,000 or 4,000 acres; so it got twice as much as it needed.

All I want to say in leaving the Barrie instance is that here is the government through a statement of policy on one hand destroying another statement of policy, prime agricultural land. Nobody is trying to deny Barrie the right to grow. Don't raise that red herring. It has the right to grow within its own boundaries to almost twice its present population. It may need some more land for industrial development. Fine. It could have done that with 2,000 or 3,000 acres. The OMB gave it 8,800 acres. Indeed, it was asking for 20,000 acres.

[10:00]

I can't conceive of why the government would advance that kind of proposition, because it's talking out of both sides of its mouth. You can't say you're protecting agricultural land when, in effect, you're destroying it by instalment. That's one instance.

Let me go to a second instance. This is the classic one in Ontario. That's Niagara. Last spring two of the ministers—the Minister of Housing and the Minister of Agriculture and Food—had a press conference in which one boasted that they had saved 3,000 acres of land because the urban municipalities were trying to extend their boundaries to use another 7,000 acres of prime agricultural land. The final decision came: "No, we're not going to tolerate that. We're going to permit you to take only 4,000 acres."

The minister boasts that we're saving 3,000 acres of prime agricultural land—one minister, the Minister of Agriculture and Food. At the same press conference, the Minister of Housing boasts that they're providing 4,000 acres for development.

Hon. W. Newman: Not quite. Look at the record.

Mr. MacDonald: I have looked at the record and I'm only repeating—

Hon. W. Newman: You need your glasses.

Mr. MacDonald: You'll have a chance to say your bit a little bit later, if I may suggest, Mr. Minister.

Hon. W. Newman: Okay.

Mr. MacDonald: I'm only repeating what is widely believed to be the case in the Niagara Peninsula.

The incredible thing about the Niagara Peninsula—if I may take one of the urban areas in it, namely, St. Catharines—is that I happened to be on a panel at McMaster University with the then mayor of St. Catharines and we were talking about the preservation of agricultural land and how much was needed when some of the developers were trying to extend the boundaries and get the urban municipality to go along with it.

Somebody put the question to the mayor of the day: "Given your current population development, your population increase, how many years will your already existing boundaries accommodate?" He said 1984. There was just a stunned surprise throughout the whole room. It was made up of conservationists who were there and primarily interested in protecting prime agricultural land, in particular, fruit land.

Why in heaven's name was a municipality seeking to extend its boundaries when it already had within its existing boundaries enough to accommodate a population expansion to the year 1984, particularly when the minister had intervened in the heat of the 1975 election and said: "What you're after is too much. We won't tolerate that. What we suggest in the Niagara Peninsula is that you redirect your growth to less valuable land in the southern part of the Peninsula," without incidentally, I may add, providing any of the necessary resources to service that land so that the growth could be redirected there and off the prime agricultural land?

You've got a situation in which a titanic battle is in the making. This October there's going to be, I suppose, the granddaddy of all OMB hearings over a period of two or three weeks in which the urban municipalities are seeking to add to their already existing boundaries some 10 parcels of land and the Preservation of Agricultural Land Society—known as PALS—is battling to have some 50 parcels that are already in the urban boundaries taken out because it's unnecessary destruction of prime agricultural land. This, presumably, is going to have to be resolved by the OMB this October.

As you may have noticed on broadcasts a week or so ago, there's quite a move all across the province to solicit funds to assist

PALS to fight this battle, because the preservation of prime agricultural land has become a matter of concern to a lot of people who have never seen Niagara but who recognize it as a symbol of a very commendable objective.

I just want to conclude with Niagara by telling you of another sleeper in the picture. Rumour now is that the government is going to intervene and say to the OMB: "You have no right to hear this, because it is government policy—established when we established the regional government down there—that these are the urban boundaries." Therefore, anybody who wants to take agricultural land that has been unnecessarily encompassed in those urban boundaries is really flouting government policy. Therefore, they will say to the OMB, "Look, your job is not to make policy. We've already made the policy. Your job is to apply it." They may even roadblock the hearing of the case by the OMB.

I hope that nasty rumour has no real substance, because I may say that if it has any substance let me remind the minister that the OMB in Niagara will have the obligation of doing what the OMB did to an extent in the Barrie instance, and that was to reconcile government policy in one instance of using up agricultural land for urban development far beyond the needs of urban development, or alternatively, using up prime agricultural land, the prime of prime agricultural land, the fruit lands, for urban development when it could and should be redirected elsewhere, another statement of government policy.

I repeat: It's going to be the OMB's objective to reconcile those conflicts in government policy and it will be interesting to see what happens.

Let me just refer briefly to the third example of what is happening to agricultural land. We have had exchanges on this in the House, namely, the proposal for the development of the so-called amusement park up at the junction of the Kleinburg crossroads and Highway 400, where you're going to use some 320 acres of prime agricultural land to develop an amusement park in competition with Ontario Place, the CNE and all the other things.

I foresee down through the years, not too far hence, that the government will have to be subsidizing their losses while the government, if I interpret the comments made by the Premier and the Treasurer correctly, are moving towards approving what the OMB has agreed to, namely, the use of prime agricultural land, when they could have found a spot for developing amusement parks else-

where in conformity with your guidelines, namely, on land of less high quality. There is lots of land of less high quality in this province. I wonder if the minister sometimes forgets what he has said. Let me remind him—

Hon. W. Newman: Are you for or against the amusement park? Why don't you say so?

Mr. MacDonald: I'm against it.

Hon. W. Newman: Fine. You're against jobs, too, eh?

Mr. MacDonald: Don't bring up that red herring. You can put the amusement park on less prime agricultural land and have the jobs. If you're in favour of protecting prime agricultural land, you're not going to be able to use the argument that you're going to create jobs and gobble up prime agricultural land in the same breath.

Hon. W. Newman: Don't get exercised. I asked a simple question.

Mr. MacDonald: You got a straightforward answer. I wish we could get as much from the government sometimes when we ask these questions.

Mr. Wildman: A blue herring.

Hon. W. Newman: You wouldn't know the difference.

Mr. MacDonald: Would the minister listen to this?

Hon. W. Newman: Sure.

Mr. MacDonald: "The vital point is that the overriding concern of conserving agricultural land must be borne firmly in mind by the people applying those judgements. It will be the responsibility of people who want to withdraw land from agriculture to justify such a withdrawal thoroughly. It will be the responsibility of the plan-approving people to apply the final guidelines as consistently as possible, remembering that their discretionary powers must be applied wisely and sensitively."

"Blanket legislation could invite complacency, whereas the system will ensure vigilance by plan approvers who judge each case on its merits. I simply can't understand how anyone could consider that procedure less flexible than province-wide legislation." The author of those words, sir, was you.

Hon. W. Newman: Yes.

Mr. MacDonald: What, in effect, you were saying was that careful judgement should be used and prime agricultural land should not be used when there is no need for it, when there is alternative land. You ask me, am I in favour of using 320 acres of prime agricultural land for an amusement park when there are plenty of other areas where you can get

lesser quality land, and my answer to you is no. I'm not in favour of it. If this is your policy, I'm puzzled to know why you're in favour of it.

Hon. W. Newman: I didn't say I was.

Mr. MacDonald: Or why the Premier is in favour of it.

Mr. Wildman: He did. What about you?

Mr. MacDonald: So much for Maple. Let me give you another example. Farm and Country over the last year has carried a number of stories—and this is only illustrative—of a campsite that was going to be built up in Grey county. This was a move initiated by a developer down in Burlington who went in and persuaded the local municipality—and all municipalities are desperately looking for new assessments—so the local council in that area voted and said it was in favour of this. They passed a bylaw to permit the development of this campsite for what were going to be, if I recall correctly, some 320 units in the campsite, despite the fact that the Grey-Owen Sound planning board passed a resolution urging non-approval of this kind of trailer park on prime agricultural land. The local council made the endorsement so that the bylaw was not really legal. What happens? The Minister of Industry and Tourism, Claude Bennett, gives the man the licence.

Hon. W. Newman: Don't you know how those licences are put out by the Ministry of Industry and Tourism? Don't you know how it works? If you don't understand it—

Mr. MacDonald: How does it work?

Hon. W. Newman: The Ministry of Industry and Tourism automatically issues licences for tourist establishments across this province so it has a record of them for its files and for its books which it publishes each year.

Mr. MacDonald: Issues a licence for a new campsite?

Hon. W. Newman: The ministry issues licences for campsites or for trailer parks, for lodges, or whatever they may be. I have had the same experience in my own riding; so I know.

Mr. MacDonald: They will issue a licence to a man—

Hon. W. Newman: If there are no major objections in the area, they will issue a licence.

Mr. MacDonald: Hold it. The Grey-Owen Sound planning board was objecting, and at that time the local council was under a massive attack by local farmers who took it to the OMB—

Hon. W. Newman: Yes, I know they did.

Mr. MacDonald: —because he was granted the licence on land that wasn't legally available for non-agricultural uses. I mean, he went ahead and started his construction. You know the end of the story in this instance, Mr. Minister, is a happy one. The local people spent their money and they took it to the OMB and the OMB turned it down.

When declaring that the trailer park site could not be permitted, the OMB ruling stated: "We are of the opinion that the proposed development of a trailer park offends the convenience and welfare of the present and future inhabitants." What they were going to have was a 320-unit trailer park in the middle of a farming community and they went right away what the code of practice problems were going to be: the smell from the manure and the smell and noise from the factors were going to cause complaints from the people who were using the trailer park. It was a nonsensical kind of proposition and I'm just a wee bit puzzled about the minister's intervention in saying these licences are granted automatically.

Hon. W. Newman: Because there are other mechanisms of how to control it, and you know that. You're throwing a red herring on this.

Mr. MacDonald: To grant a licence to a man automatically to run a trailer park when he is starting to build it on land that is not legally available for non-agricultural uses, I suggest is a piece of stupidity. If you grant it automatically on that basis, you should take a serious look at your procedures. Okay, so much for the campsite.

Hon. W. Newman: Don't forget we were at the OMB hearing.

Mr. MacDonald: Yes.

Hon. W. Newman: You know our comments, do you?

Mr. MacDonald: You objected to them?

Hon. W. Newman: Yes.

Mr. MacDonald: That's encouraging. I have a few other instances in which I will have the pleasure of commenting on your objections for the preservation of agricultural land.

[10:15]

Hon. W. Newman: We commented on our green paper.

Mr. MacDonald: Did you?

Hon. W. Newman: We were there.

Mr. MacDonald: You were there?

Hon. W. Newman: We had representatives present.

Mr. MacDonald: Very good. Were you there commenting on the proposed gobbling up of 20,000 acres in Barrie?

Hon. W. Newman: We were subpoenaed; we were never called.

Mr. MacDonald: Subpoenaed but never called? Where were you when they used another 4,000 acres of prime agricultural land in Niagara? Look, I don't want to get into—

Hon. W. Newman: Oh, come on now. I'll deal with the matter when I have my say.

Mr. MacDonald: Sure, okay.

Hon. W. Newman: I'll be quiet now, because you talk long enough and you're trying to hold me off from talking for three more weeks; that's what you are doing.

Mr. MacDonald: Oh, of course; it's deliberate.

Hon. W. Newman: It's deliberate. Of course it is; I realize that.

Mr. MacDonald: I called all those quorum calls in the House and so on and everything else that has happened tonight. I introduced the Liberal motion that took the first hour—

Hon. W. Newman: You're doing it right now for two and a half hours.

Mr. MacDonald: Let me go to another one, the case of Hanover. Now we're getting close to the bone. The town of Hanover moves to annex 2,000 acres for expansion purposes. The OFA is opposed. They've expressed their opposition and they're supporting the farmers who were bucking it before the OMB. It goes to the OMB and the OMB accepts it. Sorry, the OMB turned down the direction that they wanted and redirected them to go north of the town on to less prime agricultural land.

Hon. W. Newman: I'm fully aware of exactly what happened.

Mr. MacDonald: Then what happens? On the basis of technicalities, namely, that people weren't all informed to the extent that they should have been informed of some of the hearings, because they began to include other parcels of land—

Hon. W. Newman: Not technically, but by law.

Mr. MacDonald: —the government orders a rehearing and that rehearing at some point is going to be held. If you read the story that was carried in Farm and Country on April 11, for example, it is clear that as far as the town of Hanover is concerned it's not interested in a rehearing because of a technicality that everybody wasn't fully in-

formed; it's interested in a rehearing because it thought the OMB decision was an impractical one.

It's interesting that the chairman in that instance, the man who presided over the hearings, C. G. Charron, said: "If the preservation of farm land is as important as we are led to believe, then the decision should have been upheld." Because what they said to the town of Hanover was: "Fine, you want to expand? We don't want to block you in your expansion, but we don't want you expanding on prime agricultural land. We order you to have your expansion north of the town on less prime agricultural land, on less valuable land."

The government intervenes to order a rehearing, and if you read what is said, for example, by the mayor of the town of Hanover, he says that the OMB's decision was "ridiculous. It was just the opinion of two men and the cabinet realized a mistake had been made." Not a technicality; that the basic decision was wrong. "Jack Groom, lawyer for the town of Hanover, says the cabinet is overruling more and more OMB decisions. In the past year, a number of OMB decisions have been overruled because of impractical decisions, he said. The decision on the Magwood annexation was just one of those impractical decisions." Magwood is the owner of one of the prime agricultural land areas that was going to be gobbled up in the process.

Another interesting thing I draw to your attention, Mr. Chairman, is that the argument of the town of Hanover was that if it moved to the northern area where it was directed by the OMB it was going to cost it more. I've been informed by one of the lawyers involved that the town of Hanover hired R. V. Anderson Associates to examine this whole situation and R. V. Anderson Associates discovered that it would cost no more for water and less for sewers if you moved to the north. When that report came in, the officials of the town asked them to rewrite the report; so they got a report that would serve their purposes to move onto prime agricultural land instead of this land across the river.

Hon. W. Newman: To the north.

Mr. MacDonald: To the north, right. I'm informed by one of the lawyers that this is in the testimony and I invite the minister to look at it. What a strange kind of a proposition that this government should be intervening to order a rehearing when the OMB has said: "No, you can't use prime agricultural land, Here is alternative land."

Furthermore, there was a study that the town of Hanover had redone to serve their purposes, and that study indicated it wouldn't cost any more if they went on to the north prime agricultural land.

Hon. W. Newman: Have you got the first study?

Mr. MacDonald: I haven't got any of the studies. I got this from a lawyer who was one of the counsel involved.

I come now to the powerful figures in the picture. Who has been behind the scene intervening to assist in all this interesting switch? There have been many people behind the scenes. I'll tell you one of them his name is Eric Winkler. A powerful figure. I just wonder to what extent the government policy, in defiance of an OMB decision, is going to try to destroy prime agricultural land when the OMB implemented your policy and said, "We will preserve the prime agricultural land and move into lesser quality land for the expansion of Hanover" - not blocking Hanover's expansion, but on less prime agricultural land.

Mr. Riddell: Winkler got defeated by a Liberal, didn't he?

Mr. MacDonald: That's true, but defeated Tory candidates are sometimes more powerful in the area than elected Liberals.

Hon. W. Newman: You can't say the same for your party, can you?

Mr. MacDonald: There have been so many defeated Tory candidates in York South that most of them have died in another riding.

Let me go to the last instance. This one is really beyond belief, Mr. Chairman, and now we are getting close to the minister himself.

Hon. W. Newman: How many acres did you use for an example? I think you used 2,000 acres.

Mr. MacDonald: Two hundred. In Hanover?

Hon. W. Newman: Yes.

Mr. MacDonald: Two hundred.

Hon. W. Newman: That's fair enough.

Mr. MacDonald: I wonder how many of you have ever heard of a development known as agrominiums. This is a wonderful PR operation.

Mr. Riddell: Is this surfacing again?

Mr. MacDonald: In some areas developers want to get a block of agricultural land for a subdivision out in the country and they can't get it. The local municipality won't give it to them. So some bunch of bright

ys in a company got together and they
t consultants from Guelph—I suppose if
e consultants are paid good money they
ill help to consult—and they came up with
magnificent scheme. It's obviously a ruse
t it is a magnificent scheme. What you do
you get 700 or 800 acres of land and you
ve one section of that 700 or 800 acres
r a little subdivision of 20 or 30 or 40
50 units for houses and the rest of the
nd is going to be operated co-operatively
these city slickers who move out.

Mr. McGuigan: Pays for the houses.

Mr. MacDonald: They are going to set
s a separate management to operate this
that they are all going to be playing
th agriculture. It's an agrominium. They
re in their houses but they all share in the
rming of these 500 or 600 acres.

Mr. Wildman: They would much prefer
have a golf course there.

Mr. MacDonald: You can see the poten-
d of that on the PR basis. It's dazzling.
ou city folks come out here; you can be
rt-time farmers. You are living out in the
esh air."

Hon. W. Newman: Come on. You are
ying it on a little thick. You make the
s grow greener.

Mr. MacDonald: I'll tell you it's only half
thick as the glamour in this Xerox copy
the very plush document they put out.

What has happened about one agro-
inium? It's an agrominium that is up in
e township of West Gwillimbury near
ndhead. Some two years—this has been
ing on for some time—a gentleman by the
me of William G. Newman wrote a letter

Mr. Jethro Crang, president of Devon
owns Developments Limited, 201 Con-
mers Road, Willowdale, Ontario.

Mr. Riddell: Is that the great sheep
eeder?

Mr. MacDonald: He points out some com-
ents with this regard to this kind of devel-
ment. I don't want to read the whole
tter. Let me give you—

Hon. W. Newman: No, you had better
ad the whole letter so you get the story
raight.

Mr. MacDonald: Let me give you the
unch one: "As the Minister of Agriculture
d Food I am supporting programs that en-
surge and maintain the full-time family
rm enterprises rather than programs that
cilitate the involvement of landowners in
rming where agriculture is their secondary
terest. My colleague the honourable

Donald Irvine, when Minister of Housing,
indicated to you that he would not give his
approval to this proposal. Recognizing my
colleague's concern and my own concerns as
they relate to agriculture, I'm not prepared
to support this proposal." That was dated
April 27, 1978.

Hon. W. Newman: No, no, it was long
before that.

Mr. MacDonald: That was dated February
27, 1976.

Hon. W. Newman: That's a little better.
You were just out two years.

Mr. MacDonald: I'm sorry, I have three
letters and I wasn't going to the right one
with the date on it. That was when the
minister indicated his objection to it. Let
me give you another letter, dated February
3, 1978, two years later, and signed by
William G. Newman: "This is in reply to
your letter of January 24, 1978, regarding
Devon Downs Agrominium. As enunciated in
my letter of October 6, 1976, I am still of
the opinion that I would like to see a single
project of the kind envisaged in your agro-
minium." Pardon me for interrupting, that's
a magnificent half-truth. The first time you
replied: "I'm not in favour of it." Now, two
years later, you say you'd "like to see a single
project of the kind envisaged in your agro-
minium as proposed by Devon Downs, and
this to be a pilot project to see how the
concept works in providing needed housing
and, of course, more importantly, main-
taining prime agricultural land in produc-
tion." Gone is the policy of fragmenting
agricultural land. Gone is the policy of pro-
moting primary involvement in agriculture,
not just a secondary concern in agriculture.
Two years later, he's blessing it as a pilot
project. Fine, that's February 3.

Hon. W. Newman: Have you seen the
land?

Mr. MacDonald: No, but that's not the
point.

Hon. W. Newman: It sure is.

Mr. MacDonald: All I know is that the
local council is opposed to it, the Ontario
Federation of Agriculture is opposed to it
and here is the government, having turned
it down to begin with now, two years later,
saying it can be a pilot project. What makes
it even worse, and indeed almost a little
deceitful, is that on April 27, less than a
month ago, the minister writes a letter to
Peter Hannam with regard to a number of
issues that Peter Hannam wrote to him on.
That was dated April 27. The final para-
graph says:

"The details surrounding the agrominium development in West Gwillimbury township are well understood by the ministry and the staff. The ministry has already expressed its concerns about the implications and repercussions of the proposed development to the Ministry of Housing. The OFA is to be commended in taking a position in regard to this issue."

Two months earlier they okayed it as a pilot project.

Hon. W. Newman: I didn't say I didn't dare either.

Mr. MacDonald: That paragraph is the neatest pile of doubletalk I've heard in a long time. You congratulate the OFA position, and their position is opposed to it; you express your concerns, but two months earlier you had given approval to it as a pilot project.

Hon. W. Newman: I had reservations and I stated them in the letter two months earlier. Read the whole letter first.

Mr. MacDonald: I am conceding to you that you had reservations. In fact, you had reservations to the point that you were opposed to agrominiums two years ago and now you're in favour of them. Mr. Chairman, let me conclude by 10:30. Why has this change taken place? There are many reasons but I'll tell you one of the reasons: The consultant for this agrominium development is a gentleman by the name of William Stewart.

Hon. W. Newman: No.

Mr. MacDonald: He has been at all of the meetings in terms of its promotion. He has been with the promoters of it down here at Queen's Park and, I repeat, your policy in guidelines is so flexible the prime agricultural land can be lost at any time. Your policy is subject to change at any time if sufficient economic pressure is placed on it, or if sufficient powerful individuals are in the picture on behalf of it; and, if they happen to be former cabinet ministers, they're powerful.

Hon. W. Newman: No.

Mr. MacDonald: I sudder to think what's going to happen to agricultural land in this province when I think of the number of former cabinet ministers when they all get into the game. We know what Eric Winkler

and Bill Stewart have been doing in various instances which I have cited.

Hon. W. Newman: You've really got me misunderstanding there.

Mr. MacDonald: I'll tell you, I've got a understanding of it: We have no guidelines on policy. You have guidelines that you've been sitting on for 15 months and you've promised that they would be translated into policy last September. They are not yet translated into policy.

[10:30]

Hon. W. Newman: Do you remember the statement I made in the House at that time? Do you remember I made a statement in the House? At the request of many groups and organizations in this province I extended the date. Do you remember that?

Mr. MacDonald: Yes.

Hon. W. Newman: Just remember that. Get the facts straight.

Mr. MacDonald: I was quoting your commitment to the municipal—

Hon. W. Newman: Yes, and I made another further statement in the House. Get the facts out and look at it too. Just take a look at it.

Mr. MacDonald: I wonder when the guidelines are going to get a backing in law. There is no obligation at all to get the municipalities to move to designate prime agricultural land, as Stephen Rodd says is necessary and as the Swart-McCague bill sought to achieve.

We have rhetoric from the Premier, we have rhetoric from the Minister of Agriculture and Food, but we have no backing. In short, what we have got is not the preservation of prime agricultural land but destruction by instalment, and we are going to suffer the consequences a generation or so down the road. Thank you, Mr. Chairman.

Hon. W. Newman: Mr. Chairman, may I just say that I hope you allow enough time in the estimates for me to come back in on these matters. I have taken several pages of notes on the two agricultural critics and as I would say, Mr. MacDonald, is you did a great job in your lecturing and I hope you continue to do a good job on it.

Mr. MacDonald: That was a facetious comment.

The committee adjourned at 10:30 p.m.

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Assisting the committee:
 Smith, A., Vice-President, General Manager/Food Division Retail Council of Canada



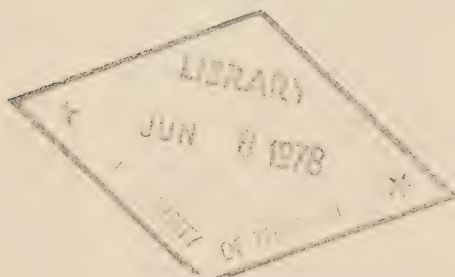
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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee

Estimates, Ministry of Natural Resources



Second Session, 31st Parliament

Tuesday, May 23, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, MAY 23, 1978

The committee met at 8:05 p.m.

ESTIMATES, MINISTRY OF NATURAL RESOURCES (concluded)

Ms. Bryden: Could I just have a point of order before we go ahead? I'll be very brief. Since we passed vote 2402 the minister has brought in a new policy on crown land sales. I wonder if the minister could answer a few questions on that, or if he could make available to us the documents that have been sent to the administrators in each of the regions where it is being administered, so we can know more about the terms on which—

Hon. F. S. Miller: I don't know if documents were sent to the administrators. I can check on that and determine whether they're available. I'll talk about any topic you want for the next two and a half hours. Really, it doesn't matter to me, but it's up to the chairman to rule if it is in order.

Ms. Bryden: Would it be in order to ask a few questions on that, or would other members of the committee be interested in having a few minutes or so on this new policy?

Mr. Vice-Chairman: Would you be kind enough to be third and let Mr. Gaunt and Mr. Eaton speak first?

Ms. Bryden: Yes, I would agree to that.

Mr. T. P. Reid: Mr. Chairman, with all due respect, if I may speak to that point of order, unfortunately I was speaking to some civil servants at the last meeting and I had some questions on mining policy. I would presume that if Ms. Bryden wants to speak about land policy the committee would allow me to speak on mineral policy, particularly regarding the committee that the minister chairs on resource communities. As long as that's understood, I have no objections.

Mr. Vice-Chairman: The committee has to realize you're going to use up time that we have available, so it's entirely up to you. It's your time and it's your decision to make if you feel you'll accomplish something by it.

Ms. Bryden: The point I was making was that there has been a new announcement of policy since we passed that vote.

Mr. Vice-Chairman: Yes, but, Ms. Bryden, in all fairness, I couldn't say yes to you and no to Pat, or yes to Pat and no to you, so if you want to leave it that way, it's entirely up to you. If you want to ask the questions, the minister says he'll talk for two and a half hours and I think he can do it without taking a breath.

Mr. T. P. Reid: And without saying anything.

On vote 2404, resource products program; item 2, forest management.

Mr. Gaunt: The first matter I want to raise with the minister is the Trees Act. There are some municipalities which feel there needs to be more teeth in that particular act. As I understand it, it enables municipalities to have bylaws prohibiting cutting undersized timber. In our area we have run into some problems in that respect, due to the fact that when a municipality lays a charge against a person or a company for cutting undersized timber the courts seem to be very lenient with the offender and they end up getting a \$100 fine. That's very nominal, to say the least. It doesn't mean a thing to them, and they much more than make up that kind of loss within 30 minutes the following day. I certainly agree that if more teeth could be put into the act to make it much more severe for an offender, it certainly would do a lot for forest management in this province, not to mention water conservation and all of the ancillary matters which good forest management brings to a particular area.

Hon. F. S. Miller: I would like to answer that and, in turn, ask a question of the committee because I think I need some guidance on this matter. In a minority situation, I am quite willing to listen in a committee of this nature to your guidance. I think we have to consider a couple of things.

Mr. T. P. Reid: A nice change.

Hon. F. S. Miller: You've always been willing to listen to logic; the trouble is that you so seldom use any.

Mr. T. P. Reid: You wouldn't recognize it if you saw it.

Hon. F. S. Miller: The issue was started before I became minister—this question of the inadequate fines and the lack of definition as to what constituted a woodlot and so on. It's a permissive bylaw, as you know, or legislation which permits a municipality, a county in this case, to have a bylaw which restricts certain usage of trees. From a forestry management and water conservation point of view, it's a useful principle. The weakness is that it hasn't stood the test of the courts. Even in those few cases where fines have been assessed, the courts have generally directed that a small fine be paid and the municipalities have felt that that fine was really no more than a licence to have cut trees.

In the review with a couple of municipalities, via their members like yourself, a better definition of woodlot, mechanisms by which one could have some local minor variances permitted, stricter and higher fees, requirements to replant trees taken down rather than just getting away with having cut them, were all considered and are being considered right now. In fact, I had intended to introduce this bill during the sittings of this very spring session.

Now I am taking another look at it from the point of view of a landowner's rights because there are two sides to this argument. I'm surprised there are not as many municipalities making a sound as I first thought. A lot of them have a bylaw in place and are finding that in most cases it is serving their needs without taking people to court. In spite of the weaknesses in the act, it's achieving a purpose in some areas. We're at an age where the landowner, particularly the farmer, is beginning to feel that there are more and more constraints being placed upon land use.

A farmer who has a 75- or 100-acre bush lot and would like to clear it in southern or southwestern Ontario for farming can find that his municipality will say: "I'm sorry but you can't clear that because we need it as a woodlot." He's arguing: "Why should I be penalized by making me keep reasonably valuable farmland in trees?" I'm presenting both sides of the argument in effect. What I'm trying to assess, with us being accused sometimes by my opponents of the Niagara Escarpment Commission as being too severe—

Mr. Gaunt: I heard you would have voted against that bill. Do you want to reassess that position?

Hon. F. S. Miller: Those kinds of things coming up genuinely stir up people in rural Ontario who say that their rights are alien-

ated. Therefore, I want to look at that aspect of the Trees Act before I bring it into the House. That's really all I'm saying. I'm interested to know how members here feel.

Mr. Gaunt: To be absolutely consistent your concern about property rights is well founded and I subscribe to that. I just urge my friend to follow through and be consistent. If you are concerned about property rights in so far as the Trees Act is concerned, then you have to be concerned with property rights in so far as the Niagara Escarpment is concerned.

[8:15]

I've made my point. I'm sure the problem varies from area to area. In my particular case, it seems to be a problem and I guess the problem is more with the courts than anything at this point, because the courts are very lenient. They're apparently very loath to levy any kind of reasonable fine against the offender. This seems to be a problem that may vary from area to area. Down south, in areas like Essex and Kent and places like that, I can see where one can get into a situation where a property owner or a farmer would want to clear his woodlot and use it for farming purposes, because the land is very valuable indeed. That's not to say that the land in Huron county or Bruce county isn't; it is, but certainly not to the same extent in terms of dollars per acre.

I can see that point, but I for one would certainly agree to strengthen the act in so far as increasing the maximum fines are concerned and in so far as indicating that trees under a certain size should not be cut. As it stands now, it's strictly permissive. The municipalities set the size of the timber limits, as I understand it, and that varies from municipality to municipality. Perhaps there is a point to be considered for setting a uniform size across the province and perhaps setting it lower than it is currently with some of the municipalities. In other words set the limit slightly lower perhaps than the medium limit across the province now and put that right in your legislation, and at the same time increase the minimum and maximum fines for violations.

Hon. F. S. Miller: Those things were being considered, and I think from the point of view of definitions we have probably solved most of the problems. There are other areas though; for example, who has the right to make a final binding decision as to whether somebody can or cannot cut a particular piece of woodlot, whether there are appeals and to whom; those kinds of ques-

tions were still unresolved to the satisfaction of everyone. I would say that if one looks simply at the questions of forest management, you can justify the Trees Act. If one looks simply at the issue of protecting the Niagara Escarpment, you can justify the Niagara Escarpment Commission, and there, of course, lies the problem in land-use planning.

If you're looking simply at aggregate you can justify certain reservations of aggregate. In each case, we are looking at an exclusive or single purpose for a use of land and saying that justifies us preventing other uses for that land. As long as one accepts the need for any planning, we are going to have that kind of contradiction or conflict in the use of land, aren't we?

I for one am not suggesting one shouldn't have planning. On the other hand, I'm not suggesting for one minute you shouldn't protect the Niagara Escarpment. Somewhere in between, the truth lies. I'm not for one second suggesting we should be cutting down all the trees in the province, and on the other hand I'm not for one second suggesting that trees always outweigh other uses for land. That's really the issue and the question is how do we make sure that we don't have a bureaucratic angle which makes it very difficult for people to have a fair hearing and a fair appraisal of what is correct?

Mr. Foulds: Especially if you have a northern desert.

Hon. F. S. Miller: Yes. Of course, up in the north you haven't really had the trees law applying too much. That's the kind of thing we're looking at. I'll have to come to a conclusion one of these days, with the assistance of my caucus and my cabinet, as to whether or not that act should proceed under what form.

Dr. Reynolds: Mr. Chairman, could I just make one comment? As the minister said, it's permissive legislation. It permits the municipality to pass a bylaw.

On the one hand, you might say, from a forestry point of view, it's your desire to set fairly high standards, but fairness is in the eye of the beholder, and so if the requirements are, or appear to be, too stringent, the municipalities won't pass a bylaw, so you're left without anything. So you try to establish something which you hope will cover the wide range of conditions such as you described between Essex, Kent, Huron-Bruce, or whatever, and even in eastern Ontario where you're dealing with a different species, different perceptions of values, different market

conditions, different land values and a whole series of things. That's very hard.

In the same way, if minimum fines are set in legislation, and they're perceived by the courts as being excessive, they're thrown out of court or a suspended sentence is given or so on. So, somewhere there has to lie an area of practicality.

Mr. Gaunt: Sure, I agree. In a sense, this particular act falls into the category of the Niagara Escarpment. It falls into the category of flood-plain mapping. It falls into that general area. There are difficult issues with which we have to come to grips in trying to resolve some of those questions. Do we use the Trees Act, the flood-plain mapping, or the Niagara Escarpment Commission as planning tools to actually move in and withdraw the property rights from those owners? It's a difficult question. I suppose the Trees Act really is slightly different from the other two, due to the fact that ultimately you could do what you want with that land. If you wait until the trees grow to the proper size then you could cut them and bulldoze them out.

Hon. F. S. Miller: Not really, not by the interpretation of the Trees Act. It would prevent mature trees from being harvested too, until they reached the minimum diameter limit.

Mr. Gaunt: Oh, well, surely until they reach the minimum limit. Then, after that, the Trees Act doesn't apply, that's my understanding.

Hon. F. S. Miller: I'm looking to my staff because I'm a little confused on it. I thought it would even prevent the mature trees. No?

Mr. Fullerton: There is a minimum diameter limit, sir.

Hon. F. S. Miller: There is a minimum diameter limit, even in the new act?

Mr. Fullerton: Yes, there's a minimum limit.

Hon. F. S. Miller: Okay, because I remember your definition of a woodlot was x trees with y diameter or half x with two y.

Mr. McGuigan: Does that stop a bulldozer?

Mr. Gaunt: The old act does, I don't know about the new act. The old act doesn't stop the bulldozing. I'll leave it at that.

The other problem I have can best be set out in this letter of which I'll read parts. I won't read it all. The problem is essentially a federal problem although I think there is some provincial involvement and the province perhaps can take some initiative with respect to it.

Basically, the problem revolves around the act that the two largest lumber suppliers, MacMillan Bloedel and East Asiatic are changing

their method of supplying lumber to door companies in this province. I happen to have a door company in Wingham, which is the largest manufacturer of this type of door in Canada. They purchase over \$2 million worth of lumber every year and 75 per cent of that lumber comes from the two suppliers, Mac-Millan Bloedel and East Asiatic. This is BC red cedar and it's used for making doors, the inch-and-three-quarter door. This is a quote from the letter:

"Late in January of this year we were informed by both these companies that they were going to a program of sawing their cedar logs into inch-and-three-quarter lumber rather than two-inch lumber. East Asiatic are already sawing seven-four. MacMillan Bloedel will start their seven-four program July 1, 1978.

"It is of course impossible to make an inch-and-three-quarter door from inch-and-three-quarter rough lumber. Canadian building standards, however, call for an inch-and-three-quarter door in the main exterior entrance. We will run out of lumber to make inch-and-three-quarter cedar panel doors in the third quarter of this year.

"Despite every effort to find alternative sources of supply, we have been forced to conclude that our industry across Canada is faced with extinction and employees of door manufacturing plants in British Columbia, Ontario and Quebec will be added to the unemployed statistics.

"In our own case, we have averaged 213 employees"—and then they go on and say what kind of a payroll they have and so on.

"The decision on the part of the lumber mills to go to a seven-four sawing program is based to a very large degree on export market requirements. Our company is definitely in favour of increased Canadian exports. We have invested considerable time and money in developing our own export business. It is ironic that this week we shipped our first order of inch-and-three-quarter BC red cedar residential doors to Saudi Arabia.

"Within the last two years, we have opened up markets to our cedar doors in the United Kingdom, the Netherlands and Germany. We have displayed our doors as recently as this spring at a home show in Ohio, USA, with excellent results. We have also been successful this year in competing for and being awarded an order from Iran for over \$3 million worth of doors.

"Our company's export business, however, is really just an infant. Now its life is to be snuffed out by our country's policy of allowing massive exportation of our natural resources. I believe it is questionable that the

lumber industry should export so large a percentage of our forest resources as raw material"—

Mr. Wildman: He's really a New Democrat.

Mr. Gaunt: No, he isn't; he's a Liberal. "It is not only questionable, but almost criminal to let the dictates"—

Hon. F. S. Miller: If you're trying to get my attention, that's not the right way.

Mr. Wildman: Surely he should be writing to the federal Liberals.

Mr. Gaunt: This letter is addressed to the federal member and they're actually meeting with the federal member today. But I'll get to that.

Mr. Wildman: Sorry, Murray.

Mr. Gaunt: That's okay.

"It is not only questionable, but almost criminal, to let the dictates of a foreign market kill a long-established Canadian manufacturing industry.

"It appears there are just two alternatives that could save the cedar panel door industry. First would be a reversal of the lumber mill's decision to abandon eight-quarter sawing, at least to the extent that they continue to save enough eight-quarter cedar to supply the Canadian door industry. Second would be a change in Canadian standards from the inch-and-three-quarter thickness required presently for main entrance exterior doors to a thinner door which could be made from inch-and-three-quarter lumber." In essence, that's the problem.

They were meeting in Ottawa today to see if the Canadian standards people would change their requirement. They were meeting with CMHC, the Department of Industry, Trade and Commerce, and I believe there was another department involved as well.

What I'm wondering, first of all, is whether this ministry has been informed of this change. Would it be possible for the ministry to support in any fashion the two proposals that were mentioned here; that is, either try to get the industry to change what they're doing now to at least supply the home market with two-inch lumber or, secondly, if that cannot be done, to encourage the Canadian Standards Association to change its requirement so that we maintain this very vital industry in this province and indeed across Canada?

Hon. F. S. Miller: On both the issues raised the province of Ontario has little, if any jurisdiction. I think you'd agree with that.

Mr. Gaunt: I agree.

Hon. F. S. Miller: I am astounded that such a company, which must be selling your own business five million board feet a year, if I'm making a rough estimate of \$2 million to the lumber or add to that the other purchasers of that same material in Canada, wouldn't think that was a market worth sawing material for, no matter what other markets it may have.

Generally, customers can dictate what is produced for them in a market situation. On the other hand, the two questions crossed our minds here; the deputy and I were wondering if this had anything to do with the metric change.

[8:30]

Mr. Gaunt: Not to my knowledge.

Hon. F. S. Miller: And secondly, it would seem that changing a specification—if in fact there are good production reasons for a seven-quarter material—might be the route that was more feasible. I think one would have to know. But since I suspect that (a) the federal specs are no business of ours and (b) the way the two BC mills saw their lumber is no business of mine, I think I'd have to be like you, just be an advocate for them in dealing with those people who have the authority. I don't know whether our staff are aware of this change or any reasons for it? They don't indicate, I'm told.

Mr. Gaunt: Would it be possible for your ministry to write a letter to the industry and trade people in Ottawa and the Canadian Standards Association, lending your support to a change of this type?

Hon. F. S. Miller: My deputy has suggested that Industry and Tourism probably would be the ones who should do it. I think, Murray, I'd rather have you contact John Rhodes directly on that than have it go through me and have the chance of it being improperly done.

Mr. Gaunt: Oh, I would have no fear of that. You underestimate your capabilities.

Hon. F. S. Miller: No, I don't, no.

Mr. Wildman: I don't know. The difference between John Rhodes and him on the provincial park fees is indication of what happens when you try to transmit something between those two ministers.

Hon. F. S. Miller: Oh, I think Mr. Rhodes was swearing at noon hour that whatever he's alleged to have said never passed his lips.

Mr. T. P. Reid: All of us politicians.

Hon. F. S. Miller: Yes, but in our case, it's true.

Mr. T. P. Reid: That's not even restricted to Conservative cabinet ministers.

Mr. Gaunt: Now that I've finished this, I think this chap is a Conservative.

Hon. F. S. Miller: In that case, I'll be glad to come.

Mr. Gaunt: I knew you would. I thought I'd save that for the last, to get your response in one case and then your response in another.

Hon. F. S. Miller: So many in your riding are Conservative, but they still support you.

Mr. Gaunt: Yes, thank goodness for that. Well, anyway, I've just got one last item I want to deal with at this time, and it really concerns the regional office in Wingham and its function in the overall operation of the ministry. There are moves afoot, Mr. Minister, and I do keep in fairly close touch; my grapevine within the ministry is fairly accurate and fairly sensitive; I find that there are some vibrations—I think that is the best way to put it at this point—that it might be as well to close the district office in Wingham and distribute the functions, which are now performed there, between Owen Sound, Chatham, and—where else would it be? London?

Mr. G. I. Miller: Simcoe?

Mr. Gaunt: Simcoe. Now, I want to make a plea to the minister to have that office. I think, rather than closing it, the office should be beefed up, and I think it can very easily be done. The fact of the matter is that the Chatham office is overloaded and has been for some while. It's got too much to do.

If you want to really carry out the functions for which that Wingham office was originally opened, I suggest that you strengthen it. After all, the district offices were set up a number of years ago on the basis that we wanted to bring the services of the ministry closer to the people, and if you distribute the functions now carried on at Wingham to Owen Sound, to Chatham and to Simcoe, that's a huge area which would have to be serviced by those three offices. Instead of getting closer to the people, you would be a long way away from servicing people in my area.

I need not remind you—the minister is well aware of it—that we have two provincial parks, really three, in the riding of Huron-Bruce; not only the district office, we have the Hullet wildlife area which is a unique area in the province, I suggest to you. We have the fish ladder program at Port Albert and a myriad of other programs that are carried on out of that office. I think it's vital that you maintain your services and keep them as close to the people as you possibly can. If you really want to do something effective, I suggest that if you took a little work load off the Chatham district and gave it to the Wingham

district, you would be doing both districts a real service.

Hon. F. S. Miller: One learns in this business never to say something is there for now and all time. I was just checking quickly with the deputy, because I was unaware of any impending change in that office. I haven't heard any discussion of the closure of any district office that I can recall. Certainly there have been one or two of the smaller Foleyet or Dorset fire station types of thing where they have been brought back into a district office rather than being left out in the field in a smaller office.

We have 49 district offices in the province. When the ministry was created back in, I think, 1972, these were created, just as you said, to bring service closer to the people, and as you have documented, they have done a good job in almost every district of the province.

Mr. Gaunt: Yes, they have. That's right.

Hon. F. S. Miller: I don't know of any plan to change it. I suspect there is none, and my deputy confirms that too. Therefore, I would like to try to put to rest the fears of the people in Wingham. I have visited that office, as you know.

Mr. Gaunt: Yes, and we would welcome you back any time.

Hon. F. S. Miller: I was very close to it last week.

Mr. Gaunt: I know you were, but you didn't come down.

Hon. F. S. Miller: I don't know how rumours start. I believe your district manager was transferred recently to Midhurst. When a person is transferred from one office to another, there's often some fear that this is indicating a change. I don't think that was correct at all. We were carrying out a normal movement of staff at that time. The deputy may want to add a few words to that comment.

Mr. Gaunt: When I first heard it, I thought that perhaps it was the result of the district manager being moved. A move of that type is somewhat unsettling to the local staff, and these things get going. But it's more than that.

Hon. F. S. Miller: What's making them think that?

Mr. Gaunt: I know where it's coming from, and I want to tell you that your assistant deputy, Mr. Foster I guess, has indicated that as far as he's concerned it's up to the London region. I gather that Norm Patrick is the chap there. I have spoken to him and really indicated that if there's any such at-

tempt, I will be in there fighting and flailing in all directions. I don't think it should happen, but I know it's there.

I just want you to be aware of it and to be alerted to it, because I am going to resist it. I have a neurotic tendency when anybody tells me they are going to close any government or other publicly-funded institution in my riding, or even close to it.

Hon. F. S. Miller: May I suggest at the same time that you mustn't be too hard on us, since we are unable to achieve budget cuts without closures.

Mr. Gaunt: That's another issue.

Interjection.

Mr. T. P. Reid: Close a few down in Muskoka.

Hon. F. S. Miller: There are two sides to that issue. In all fairness, the leader of your party—I am not saying you—has consistently attacked us and said that we must reduce government size and spending. That is in consistent with the statement you just made.

Mr. Gaunt: I don't think it is. I don't think it is at all.

An hon. member: Let's adjourn and get the leaders.

Mr. Gaunt: The fact of the matter is that if you closed that office, it would cost you more to deliver the same services.

Mr. Foulds: Are we talking about forest management?

Mr. Gaunt: Yes, we are. A district office has a lot to do with forest management.

Hon. F. S. Miller: It would be under administration. Let me assure you I don't want to see you manning the barricades. I'm not particularly anxious to reassure your re-election at this point.

Mr. Gaunt: I don't care about that. I'll look after that myself.

Mr. Vice-Chairman: In all fairness, we wish to give other opposition speakers an opportunity to speak. We can be here till Christmas and not say anything.

Mr. Gaunt: This is very important, Mr. Chairman.

Mr. Vice-Chairman: In all fairness, let's discuss the forestry thing, otherwise the estimates will never be finished by this summer.

Mr. Gaunt: I agree. Based on my experience in this committee, I have been very quiet. This is the first fling I've really had at it. Other members have taken two and three hours. I recognize your point, Mr. Chairman, and I'll conclude. What I was saying is very important to me.

Hon. F. S. Miller: I'm willing to listen to you all night.

Mr. Gaunt: It may not be important to anybody else, but it is important to me.

Hon. F. S. Miller: I've answered you.

Mr. Gaunt: You're not going to close it?

Hon. F. S. Miller: I started the statement very carefully. I've read comments I've made about never doing anything and I realize that some days one does do things one says he is never going to do. I'd far rather tell you the truth. I know of no plans, and the deputy assures me he knows of no plans.

Mr. T. P. Reid: You also say you're going to do things and then don't.

Mr. Vice-Chairman: Mr. Reid, will you discuss forestry please?

Mr. T. P. Reid: Yes. I'm looking at the forest management program and I notice that the budget is up some \$920,000 or just short of \$1 million over last year's budget. I see the biggest increase is under silvicultural operations and support. In looking at your briefing book, the background material, it doesn't really tell us where that amount of money is being spent. I wonder if the minister could indicate what the backlog is, as the ministry sees it, as far as unregenerated forest land is concerned and where the increase of almost \$1 million over last year comes.

Hon. F. S. Miller: It's \$9 million, Mr. Reid.

Mr. T. P. Reid: Is it \$9 million? I'm sorry. That's fine. Could you tell us where that \$9.2 million is going to be spent?

Hon. F. S. Miller: Yes. The increase in the silvicultural operations was \$5.6 million one year over the other year. The increase in the cost of goods and services, salaries and so on was about \$1.5 million of that. About \$4.3 million was due to an increase in work done in reforestation. I could go into the details of the program. For example, last year we treated 173,000 acres for regeneration. This year we plan to do 185,000.

Mr. T. P. Reid: That's only 12,000 more acres.

Hon. F. S. Miller: Just a second now, there are a whole bunch of parts of this. Site preparation goes from 114,000 to 128,000 acres. Tending—in other words, thinning and so on—goes from 107,000 to 115,000 acres. Tree marketing stays about the same. We will ship 68 million trees this coming year versus 61 million last year. We'll increase our quantity of cones, which we now measure in hectolitres, if that helps you, from 18,000 to 19,000. We will have 32 projects for nursery and other development programs compared to 27

last year, to improve our nursery capabilities. That's all in that \$5 million I talked about. That's the major component of the expansion.

If I can look back to the figure, I think that same vote went up about \$4 million from the year before. It went up from \$20 million to \$24 million from the year before. I can safely say that in a time of constraint that's one of those issues that I feel some pride in.

[8:45]

When I came into the ministry, my first statement was "Let's plant more trees," on the assumption, as I have said a number of times, it could easily be done. In other words, you could simply get more money and have immediate results. Well, the truth was, a good deal of work had to be done to get the nursery facilities, the seed facilities and so on, improved.

This is going on. But the \$4 million in last year's budget and the \$5½ million in this year's budget, my staff tell me, represent as much money as we could usefully spend. We were limited by what we could do in this particular budget, more than we were by the dollars we asked for. Thus far this is the only vote in the whole ministry estimates that had that kind of limitation. I am sure if you ask my staff in parks or wildlife and fisheries, for example, what is their limiting factor, it is the amount allocated to them. In this case it is more our ability to use that money.

So assuming trends don't change, I have been committed in my own mind to gradually increasing the silvicultural budget each year as we are able to produce more site work. It is as simple as that. I get a bit frustrated because there are a lot of variables. You have to get capital money. You have to wait for the seedlings to grow. And you can't see the results coming out as quickly as you would like to. But those are the steps we are taking and I think we are taking them with as much speed as we can take them right now.

Mr. T. P. Reid: What is the estimate within your ministry of the backlog as of May 1978?

Hon. F. S. Miller: Do you mean of unregenerated land?

Mr. T. P. Reid: Yes.

Hon. F. S. Miller: I have no idea now what the exact figure is. One of my staff from that division might want to come forward and give me that figure.

We felt we had about a one-third short-fall. I think you have heard me saying that and that is open to some discussion or argument.

Mr. T. P. Reid: But how many acres are we talking about?

Hon. F. S. Miller: We are cutting about half a million acres a year. So we had, if I recall, about a 170,000 acre short-fall in the last year or so from our own estimates.

Mr. T. P. Reid: But the total — and I am talking about the total that can be regenerated, not the swamps, not the areas that—

Hon. F. S. Miller: Well, of course, one can argue whether they can or can't be regenerated or whether, in the case of swamps—that is northeastern Ontario in the main I would think—the techniques for harvesting aren't more important than actual planting methods. There are certain sites that do not satisfactorily regenerate in the time period we allow. That is the critical qualification, in the time period we allow.

Mr. T. P. Reid: What time period are we looking at?

Hon. F. S. Miller: About seven years for spruce. We have even argued among the foresters what that satisfactory regeneration target is at the end of the seventh year, and whether the stand that our foresters would judge to be inadequately regenerated might, at maturity, yield as much merchantable timber as some of the sites that looked better at the early stages. Those kinds of arguments go on because trees live longer than men. It is not an easy one to lay to rest in one man's lifetime.

Mr. T. P. Reid: Can you give me a figure? We have this argument every year in these estimates. Are you looking at two million acres that could possibly or realistically stand some kind of regeneration? You say there were 170,000 last year. I would agree that maybe all that 170,000 that wasn't regenerated could not be, because of soil conditions, climate, whatever reason. What is the backlog that we are looking at?

Hon. F. S. Miller: I can't answer the question and I would be glad if one of my staff could.

Mr. Peacock: The backlog, as we measure it now, is one third. That is as near as we can estimate it in terms of the area being cut. That backlog, we haven't closed significantly in the last few years.

By going back 10 years you wouldn't necessarily add it all up though, because you can't go back and regenerate something that is 10 years old. It's being regenerated to something. Perhaps you've missed an opportunity. You could have done a better job had you gone in and done some work. But the die is cast and you're going to get what is growing there, likely—in many, many cases. In others, you may be able to go in and do some thinning

and rehabilitative work and some additional planting.

But it's not as simple as adding up all the one thirds. It would come out in a forest inventory in terms of stocking and quality. You just have a little less there than you had a right to have there.

Mr. T. P. Reid: Mr. Chairman, I wonder if Mr. Peacock can tell us that we have an annual allowable that we're allowing the timber companies—let's say the 10 largest—to cut? There is an indication that we're falling behind, for whatever reasons, by about one third of that annual cut a year. My concern, and I'm sure everybody else's, is simply where do we reach the point where the demand, as we know it today in 1978, where the allowable cut is going to reach the supply that we've got.

Hon. F. S. Miller: If you look at the ministry objective, when I became minister, we had set ourselves a target of 9.1 or 9.2 million cunits sustainable yield by the year 2020. So we had to be producing on a permanent basis at that rate, and our programs, of regeneration and silviculture were geared up to that kind of allowable cut. I can't remember whether six million is about today's rate of cutting—yes, it's somewhere around the six million rate—so we're allowing for a 50 per cent increase in the rate of production between now and the year 2020. We will also have forests in place for that date which will permit that rate of cutting on a continuous basis. No one would be happier than me—

An hon. member: I.

Hon. F. S. Miller: I. Thank you. I was thinking about whether it was the objective or the subjective, but engineers never could tell the difference.

Mr. T. P. Reid: No, English was never one of your best subjects.

Hon. F. S. Miller: No, I realize that—no arithmetic.

Mr. T. P. Reid: Nor logic.

Mr. Foulds: You need the objective case after it.

Hon. F. S. Miller: Thank you. You have taught English, Mr. Foulds.

Mr. T. P. Reid: That's why he is here.

Hon. F. S. Miller: In any case, we're hoping to increase this management of the forests at the present rate of increase for some time. I hope that by the time I'm through as minister, for any reason, that I can say that I've left the industry in better shape than I found it. I think you can change governments or ministers tomorrow and you

will have the same kind of limiting factors on you that I currently have on me.

Mr. T. P. Reid: But with all due respect, you're saying now to us that your limiting factors are not dollars—which have been a limiting factor in the past—

Hon. F. S. Miller: Right.

Mr. T. P. Reid: Now you're saying your expertise and the amount of stock you can provide are your limiting factors.

I was at the Canadian Forestry Institute in Quebec City in October. Some of your officials were there. I had the opportunity, if not the pleasure, of listening to your parliamentary assistant speak. But there was universal concern expressed by the people at that convention that we were going to be, if we were not already, in a sad state as far as providing species to keep the present mills going, let alone if we build new mills. I'd like your feeling as to whether or not, under the present circumstances and under this budget that you've been able to beef up by over \$9 million—which isn't all going into silviculture and regeneration—that's going to be adequate to provide the species to keep the present forest industry going, never mind the three mills that may have to shut down because of lack of new capital or new machinery.

Hon. F. S. Miller: It's hard to be completely objective in looking at the different points of view that are offered. I, for one, do not wish to underestimate the problem, nor have I tried to. If anything we've been too unconcerned in the past, as a country not just as a government—as a group of people—about the future of the forest-based industries in this province almost from the day the province was settled. That's anywhere you wish to go in the province. I'm simply saying publicly, any time I can, anywhere I can, that this is my highest priority.

This is without any attempt to try and say why it wasn't better in the past. I say it has to be made better as quickly as it can be improved. That's what I've set about doing.

Mr. T. P. Reid: So, we're certainly talking in all the generalities—

Hon. F. S. Miller: If you had been at the conference in Thunder Bay you would have—

Mr. T. P. Reid: If I had been invited, except two days before, I would have made it.

Hon. F. S. Miller: The NDP made it.

Mr. T. P. Reid: Yes, well, he's resident here. I must say that I was most impressed with the member for Port Arthur who admitted that their policy during the last election, which coincided with the Tory policy of

planting two trees for every one that was cut down—

Mr. Foulds: No, it wasn't. That is too high.

Mr. Wildman: No, we just say one for one.

Hon. F. S. Miller: One for one?

Mr. Foulds: No, we say an acre for an acre.

Mr. T. P. Reid: I must say that's the first time in my 11 years here that they've ever admitted that they didn't know what the hell they were talking about.

But that doesn't solve our problem because the forest industry is not only important to northern Ontario but to the economy of Ontario and Canada as a whole. The point I want to make, and I think it was made in Quebec City, was that the federal government seems to be—

Mr. Foulds: It's funny how you can get to Quebec City and not to Thunder Bay.

Mr. T. P. Reid: I wasn't invited or I would have been there. I was under the impression that it was a private meeting between the minister and his buddies in the industry, until he stood up in the House and then invited the members.

Mr. Foulds: There's flexibility on the part of members.

Mr. T. P. Reid: Some of us had nothing else to do except to go to rallies out in front of the Parliament Buildings which you missed on that particular day. But it seems to me that you certainly have our support in going to Ottawa and saying that they should be putting a hell of a lot more money into the forestry program in all provinces, since they're getting the benefit of most of the taxes and the revenues out of the forest business.

Hon. F. S. Miller: There's no argument there at all. I'm encouraged to see the first couple of signs of federal willingness to help fund certain jobs within the forest industry. I hope I'll be able to discuss them before too long if the feds decide to go in and assist us.

But, certainly, they profit from the employment in the industry in a number of ways more directly than the province does. The Treasurer (Mr. McKeough) will tell you, given a chance, that provincial incomes no longer go up and down very quickly with unemployment or full employment because of the levelling effect of the various programs of welfare assistance or unemployment insurance. This is particularly true of unemployment insurance that comes from the federal government.

At the same time, they have put, I would not say no money but little money, back into the forest industry in any way. I think there's a council of resources ministers' conference

shortly where we will be discussing some of these problems.

An hon. member: In June.

Hon. F. S. Miller: I, for one, would like the provinces of Canada—seeing that it won't happen with one of us doing it—to stress the need for the federal government to be involved. Through DREE, for example, is one way they could do it, or through some kind of support program for the industry—access roads, you name it—or it could be done through any other kind of grant program. But the federal government should become involved in the basic wood industry more than it has.

[9:00]

Mr. T. P. Reid: I appreciate there are other people who want to speak. What is your project for this year? How many acres are you going to regenerate and plant in 1978?

Hon. F. S. Miller: I read those figures into the record a minute or two ago. I will try to find them again.

Mr. T. P. Reid: How many acres are you going to replant?

Hon. F. S. Miller: To be treated for regeneration are 185,500 acres.

Mr. T. P. Reid: Those are going to be planted this year by hand or aerial spraying or whatever.

Hon. F. S. Miller: Yes.

Dr. Reynolds: All methods.

Mr. T. P. Reid: I'd like to go on to two other things and then I'll quit. I seem to be the only one who has raised the matter of waste in the bush. If you read anything about the experience in the Scandinavian countries, they seem to use everything except for the sound of the pine cone falling. I raised this question at the Quebec conference. I must say that the professional foresters, whether they be company or government, all stepped away from the question and never gave me an answer.

It seems to me from walking and flying around my area and parts of northwestern Ontario generally that we are wasting a heck of a lot of wood in the bush that could be used perhaps for chips or for energy purposes. I remember seeing in the publication put out by the industry that methane would provide energy at this point at a very high ratio of about 2:1, I believe, compared to what it takes to produce a gallon of gasoline.

At the same time, because we seem to be facing a shortage of wood, what steps is your ministry taking to ensure and, in fact, insist on using the waste that is left in the bush?

This waste doesn't help regeneration because it doesn't break down that quickly and all the rest of it, but is in itself a waste.

The industry is highgrading. Every forester I have talked to and every company I have talked to will admit privately that they feel it is a waste, but they are highgrading the best they can get. What are you doing about the waste in the bush?

Hon. F. S. Miller: I just signed letters today, I think, to the Ontario Lumber Manufacturers Association and to the Ontario Forest Industries Association—I am not sure—stressing the need for them and their members to eliminate as much waste as possible. Sending a letter is not going to solve the problem, but we have been lecturing, jawboning and doing everything we could to increase utilization.

We insist on a four-inch top as a maximum that can be left behind in the forest. That is one area of reducing waste. A good bit of material is culled, as you know, because logs are found after cutting to be unsuitable. We have species waste which is perhaps the most serious one right now and which is being tackled, and yet it is not an easy one to solve. You have to get a company like Pluswood, which is in your riding and which is able, as far as I can see, to use almost any quality of poplar at all. It must be able not only to use it but to have a market for the chipboard it makes before we will get a great increase in poplar utilization in the immediate future.

When I was in Thunder Bay a week or so ago, I was handed a very interesting paper by a professor or a graduate student, I am not sure which, at the university there.

Mr. Hennessy: Professor Hearnden.

Hon. F. S. Miller: No, it wasn't Professor Hearnden. It was a younger gentleman who has, for the last number of months, been studying conversion of waste materials into energy.

Mr. Foulds: Watts from wood.

Hon. F. S. Miller: Yes.

Mr. Foulds: Rick Staples?

Hon. F. S. Miller: Rick Staples, yes. It is a very interesting concept. He is simply saying that the boughs, the tops and the defective materials could be chipped immediately after the good logs are taken out and hauled to relatively small power stations around the north, to have greater utilization of species and of materials currently wasted. He looks at the question of the nutrients in the soils, hoping that his findings indicate that it is not important to return this material to the soil; I think there is some argument about that. I am not sure his paper is right but at

least it is interesting to see this approach being taken.

Mr. T. P. Reid: What approach do they take in the Scandinavian countries to ensure that the whole tree is used, or is that a myth?

Hon. F. S. Miller: I am not sure they do. I guess I would have to ask some of my foresters.

Mr. T. P. Reid: Maybe Mr. Peacock can help us on that one.

Mr. Peacock: On the economics of the situation: they have a market for smaller material, and I think as the market develops here it has been shown that more gets out of the bush, although our standard in conifer, as the minister indicated, is a four-inch top.

I think you will find today that on many operations they are going down much smaller than that. On the tree-length operations they are going down to two- and three-inch tops. As the market for poplar develops—and it is developing in the northeast right now; at least we hope it is; there are some very hopeful signs—I think we will get much more complete utilization. As the minister indicated, poplar on the ground is a major deterrent in terms of what we can do with it. It either becomes very expensive or next to impossible for us to regenerate with the material left in there.

Mr. Wildman: Last year during the estimates I brought up the question of highgrading. I can't remember the official who was answering on behalf of the minister, but he reacted against that and asked me what on earth I meant by highgrading. Are you saying now that there is highgrading in the bush and that you are trying to discourage it, or what?

Hon. F. S. Miller: I didn't quite read that. I am not sure I can even define highgrading, but some of my staff probably could define it better for you. I would have thought it meant taking not just certain species—although you may define it as that—but better quality trees.

Mr. Wildman: I am not talking about certain species; I am talking about size of trees being cut.

Hon. F. S. Miller: I don't see that as a problem in too many areas, do you? I think the species problems are the greatest ones. It is not just poplar that is left behind. We have jackpine left behind in certain areas of the province too.

Mr. Wildman: Isn't one of the other problems related to this—and Mr. Peacock men-

tioned the northeast and poplar—that when you talk about the large areas that have not been treated for regeneration, whether by scarification or whatever, a lot of those areas are growing up in poplar. So if you are going to cut anything in the northeast, and many areas, you have to be able to cut poplar because that is what is left, because the areas weren't treated and what you have now are large stands of poplar that mature quickly and die quickly.

Hon. F. S. Miller: No argument; when you interfere with the normal processes of regrowth in the forest—and you do interfere with them by selecting the types of trees you cut—then obviously you are favouring the growth of other species by interfering with the natural process. I guess that is why we go to the prescribed burn, to some degree, to try and overcome that. The day I was in Atikokan, for example, we had a prescribed burn, I think, in the Kenora region, for 800 acres in one day. That is a pretty good amount of land to be treated that way. I am sure the member for Port Arthur recalls the discussions at the conference where our staff and foresters were arguing the merits of the prescribed burn simply to get around the problem you are talking about, and to get the forest back to a more balanced species, more like the native—

Mr. T. P. Reid: And the cost is about one tenth for prescribed burn as opposed to scarifying et cetera, isn't it?

Dr. Reynolds: It is certainly much lower, Mr. Reid, but conditions for prescribed burns are a little ticklish, as you know.

Mr. Foulds: We know very well.

Mr. T. P. Reid: Well, I wouldn't because I am a reasonable person, but my friends to my right, who are on my left usually, would be on your back if you burned down Quetico Park or something like that. They would be very upset.

Hon. F. S. Miller: You chose a sensitive area to discuss burning.

Mr. Wildman: You might have a prescribed burn that turns into a much wider burn.

Hon. F. S. Miller: Oh sure, that's a risk. If we've erred, and I'm sure we have, it's been in being too cautious about—

Mr. Wildman: You can use that word.

Hon. F. S. Miller: —prescribed burns and waiting for the ideal day, which seldom happens. Last year we couldn't make them burn.

Dr. Reynolds: I would just add this, though. Frankly, there are going to be times

when the staff will misjudge conditions and some areas will burn when they're not right for it. I think we have to be prepared to accept some risk in this sort of thing and recognize it. If we play this game so carefully and so cautiously, we're not going to attain our target.

There are times when I'll encourage them to take a bit of a chance. It's a calculated risk, and the odd one will get away. I, for one, won't chastise them for doing it. I think if they play everything safe and cosy the risks of not regenerating the areas are even greater. I don't think we can stand those.

Mr. T. P. Reid: No, I would accept that. I would say that's probably the difference between the Conservative and Liberal parties, but we won't go into that.

Hon. F. S. Miller: You've lived with risk most of your life.

Mr. T. P. Reid: Unlike my friend from Sudbury, I don't want to monopolize the whole thing, but I do want to talk for a short time about your spraying program. There's been great controversy in New Brunswick and Nova Scotia about spraying with fenitrothion and the effect it might have on human life and all the rest of it, which hasn't been proven. I have a question, one of those that bothers the minister greatly, from the order paper: In 1975 and 1976 you sprayed in the Chapleau-Sault Sainte Marie-Algoquin area and then in the Wawa-Chapleau-Algonquin area again with fenitrothion, which is the only one, I must say, that I really have seen much controversy about. Have you quit spraying with that particular chemical?

Hon. F. S. Miller: I was told we had and I think the statistics we gave you showed we hadn't used it. Mr. Fullerton may wish to come up and answer since he'd be able to be much more accurate than I. Mind you, I thought I was infallible, but I—

Mr. T. P. Reid: It's hard to admit you aren't.

Mr. Fullerton: I can add very little to what you have said, in that we have not used fenitrothion since 1976. The reason we haven't used it is it has not been as effective as some other chemicals in the type of spruce budworm control programs we've been trying to carry out.

Our preferred chemical is Thuricide, which is a bacterial substance and not a chemical in the organic sense at all. It's a natural predator on all those kinds of insects that turn into moths.

Hon. F. S. Miller: Miller moths.

Mr. T. P. Reid: You say that's your preferred one; but in 1977 you used 80 gallons, in 1976 500 gallons and you didn't use any in 1975 and 1974. Do I presume from what you're saying that you're using Thuricide almost primarily now?

Mr. Fullerton: That's correct. For 1978 the bulk of our program will be Thuricide. The reason for the drop in 1977 was the acreage treated was only 10 per cent of the year before.

Mr. T. P. Reid: Could you give us a feeling for the dimension of the problem?

Hon. F. S. Miller: Yes, I was almost going to prompt that question, because I think it should be on the record.

Mr. Fullerton: If you look at the map put out by the federal people on the incidence of spruce budworm, you'll see that great chunks of Ontario are coloured the same red as Nova Scotia and New Brunswick, which means a high infestation. I'm sure that anybody who has been around through Timmins or Highway 11 east of Kapuskasing will have noticed budworm-brown balsam.

The difference in our problem is the forest industry in the Maritimes depends on balsam fir and in Ontario it's about three per cent of our harvest. The ecology of the forest is quite different and it grows differently. In one way you can say we would be prepared to live with a three per cent loss of the growing stock of the forest, rather than get into large scale spraying programs.

Our program at this point in time is directed at controlling specific areas, such as parks where if you lost the balsam fir trees they would no longer be suitable as campsites, you'd lose campsites. We also spray the seed production areas, clonal seed orchards.

This year we'll be spraying several areas which are to be harvested within the next three years; it's a matter of keeping those trees alive until you can harvest them, but we didn't want to repeat the 25-year program of the Maritimes.

[9:15]

Hon. F. S. Miller: If I recall correctly—and Mr. Fullerton can correct this if I'm wrong—it's pretty well a steady program of spraying annually to maintain these trees alive. You don't simply get rid of the budworm by one year's application. I suppose even in Nova Scotia they've given up this year, have they not—

Mr. Fullerton: Yes.

Hon. F. S. Miller: —even though it may have a very serious impact on their overall forest? I don't know how valid the arguments

were that Reyes disease was related to the spraying of the budworm in that province. It's a correlation that I think is a bit tenuous. However, that has been deployed. We used also Thuricide, if I recall, for the tent caterpillar or the forest army worm in the maple and hardwood forests. But doesn't it really cause them to get lockjaw or stop their mandibles from chopping?

Mr. Fullerton: It's a hormonal effect and I wouldn't want it for anything.

Mr. T. P. Reid: It prevents them from making love.

Hon. F. S. Miller: You should have some.

Mr. T. P. Reid: Am I right, Mr. Fullerton?

Mr. Fullerton: Not quite.

Mr. T. P. Reid: For God's sake, don't spray it here! Some of us are having enough trouble as it is. I'm thinking of the minister.

I just want to go on record as saying that I'm all for the spraying, since there are people who say you should let these insects of whatever kind alone. It seems to me, however, that the people in the area that is being sprayed at least should have some notice that this spraying does take effect and hopefully it is not going to cause any ill effects to them.

I realize the political problems that are inherent in that. As soon as you say you're going to spray a particular area, you're going to have all the worst kind of environmentalists and those kinds of people screaming and yelling. But I think the populace in the area should at least be aware of what's going on.

Hon. F. S. Miller: The problem is to determine when any kind of spray is safe. When we were using Thuricide, and I think Dipel, in Muskoka last year on some crown management units not too far from my home in the Bracebridge area we had complaints from a very learned gentleman who used to be the president of Simon Fraser.

Mr. Fullerton: He was on the Science Council of Canada.

Hon. F. S. Miller: Dr. Patrick McTaggart-Cowan is an eminent scientist who happens to live in that area and in his retirement raises bees. He's also a very sincere environmentalist who takes a great deal of time to look into the testing procedures for various materials.

Mr. Wildman: Was he the man responsible for the Arrow oil spill clean-up?

Hon. F. S. Miller: Yes, it is he who did it on the Arrow. He came along at that point and questioned whether there wasn't some drift off our property on to his, whether some of his bees mightn't be killed and

whether the testing for these various materials was as effective as stated by the manufacturer. It's one of those arguments that's very difficult to refute. One has to get a team of scientists to look at these things and I'm not sure even then you get any kind of overall figure.

Mr. T. P. Reid: I appreciate that nobody's ever going to come up with a definitive answer; but I think people are entitled to that kind of information.

Hon. F. S. Miller: Yes. No argument. We've been trying very hard to make people aware in the southern forests—the maple forests which are currently being attacked by the army caterpillar—of the availability of the service for private lands, because we don't spray private lands.

We also want them to know when we in the ministry will be spraying certain lands in a given area; because if one inadvertently sprays private land for all there was a great hue and cry in my riding last year to do just that—you are in danger of prosecution if people don't like what you're doing. It wasn't as easy to resolve as it seemed.

Mr. Chairman: All through, Mr. Reid?

Mr. T. P. Reid: No, I'm not; but there's other people.

Mr. Chairman: Thank you. Ms. Bryden.

Ms. Bryden: I think I'd like to let Mr. Foulds go ahead of me since he's the critic.

Mr. Chairman: Very well, Mr. Foulds.

Hon. F. S. Miller: Who's your critic, Mr. Reid?

Mr. Foulds: Mr. McEwen is the Liberal critic.

Hon. F. S. Miller: Is Mr. McEwen your critic?

Mr. T. P. Reid: I'm the critic.

Hon. F. S. Miller: I know you're a critic; are you the official critic?

Mr. Foulds: Mr. Bolan led off in Mr. McEwen's absence.

I'd like to thank my colleague from Beaches-Woodbine—

Mr. T. P. Reid: I'm the man for all seasons.

Mr. Foulds: I'd like to start with one comment to set the record straight. The policy of my party during the last election was a regeneration of one acre for every acre cut. In fact, that seems to be the policy that the minister has adopted and which the Liberal Party has agreed to in accepting your figures in terms of what you are trying to do in the coming year, that is, 185,000

acres of regeneration. That seems to me to make a good deal of sense.

Even the Conservative policy of two trees for every one, although a little filled with hyperbole was better than the Liberal policy, which was no policy at all.

Mr. T. P. Reid: A point of order, Mr. Chairman—

Hon. F. S. Miller: It's nice to see a discussion.

Mr. T. P. Reid: It's nice to see the NDP have finally found that the forests are important to the province. I think if they go back about 10 or 11 years they'll find that it was the Liberal Party which first raised the whole matter of forest regeneration.

Mr. Foulds: As a matter of fact, it was Donald C. MacDonald.

Mr. T. P. Reid: It's obvious from my friend's comments in Thunder Bay about two weeks ago that he admitted his party didn't know what the hell they were talking about. I must give him credit for being a little reasonable about it.

Mr. Chairman: I don't think we're here to make comparisons. We're here to discuss vote 2404, item 2, forest management.

Mr. T. P. Reid: We have to have a little fun.

Mr. Chairman: I realize it; I'm for fun too, Mr. Reid.

Mr. Wildman: Mr. Speaker Stokes has been talking about forest regeneration for years.

Mr. Foulds: Donald MacDonald was on this matter years before that in the mid-'50s.

I'd like to talk about two things under this vote and try to link them; because it seems to me that in the forest industry we face two major problems. One is the problem of regeneration or reforestation. The other problem is the competitiveness of our pulp and paper industry as outlined in the paper that was released just last week by your ministry. The two problems, it seems to me, are linked; and we have to consider them as a whole if we're to tackle the problems intelligently.

There isn't a great need to reforest with certain species if we only want to put the land to recreational use; and there's no use in reforesting or regenerating if all the mills are going to be obsolete and go out of business. The two problems do seem to me to be very closely linked. One of the reasons for some of the high costs in our pulp and paper industry is the distances over which we now have to transport wood

to the mills because of previous cutting practices.

I believe Ken Hearnden, in the paper he presented to the conference in Thunder Bay, said that when he was a junior forester just starting out, the philosophy was that you went into a bush camp and the man in charge said: "There's the outhouse. We start cutting there and cutout as far as we can and then we move the outhouse to within walking distance." That was a fairly dramatic example but we still tend to do that. We have the mill. We cut as close as we can to the mill and then we keep moving out and our lines of supply become uneconomic.

Not only that, but there is an irrationality—I don't use the word in a pejorative sense—in some of the licence assignment we have made. We have the strange spectacle of pulp and paper company trucks passing each other on the road past the mills that are closer to another company's limits. Those are contributing factors it seems to me in the competitive picture that we face.

I think we have to keep in mind that although the forest is used for many purposes, for recreation, hunting, fishing and for trapping, basically we forest so we can get the best crop with the best kind of fibre we have for the lumber industry. In other words, we tend to reforest because we want to maintain and develop jobs and an industry in a substantial portion of Ontario's economy.

There are a couple of comments that would like to make with regard to the report that was issued last week. I think we should note that the comparatively low productivity in the industry is largely because of the age of the facilities. I think we should lay to rest the myth that it's because of the inefficiency of the Canadian worker. I think we should also have some modification—

Mr. T. P. Reid: Does the minister agree with that?

Mr. Foulds: Well at his press conference he indicated that the age of facilities was the major cause of the low productivity. I think we should also take a look at another growing myth, which is that we have high labour costs—

Mr. T. P. Reid: Does the minister agree with that?

Mr. Foulds: As the report points out, part of the reason for the high wage costs is the lack of modernization of the facilities which therefore requires a greater

number of men. Secondly, as the report rightly points out, the lower value of the Canadian dollar has narrowed the gap in real wages between the US and Canada.

But I suppose the fundamental question that faces us is can the northern boreal forests compete in the world markets with the southern US forest and with Scandinavian forests in the western world? That's the basic question that faces us, it seems to me. I think the answer of this party and my answer is, "Yes, if we take certain steps now." One of the things we should keep in mind when we are in the midst of this debate is that we do have in Ontario several advantages that we sometimes lost sight of.

One of those advantages is that we do have large tracts of forested land to compensate for the relatively slow growth of our forests. In other words, there's a volume advantage that we have in terms of the land mass that we can produce from. Secondly, we have considerable expertise in our work force—both in the woods part and in the mill end of the industry. Thirdly, something that has been extremely encouraging and should be encouraging to the minister and to people of Ontario generally, is the enormous dedication and idealism that we have on the part of many professional foresters both within the ministry and within private industry.

There is a tremendous untapped source of strength, or not entirely untapped, but a tremendous source of strength there that we should take advantage of, we should encourage and develop it so that it doesn't turn to a kind of negative cynicism. We must make sure we take advantage of it at this time when we must turn the industry around.

[9:30]

Fourthly, the advantage we have in Ontario, it seems to me, is the sheer capacity for production in our mills. I will cite just one example from the report, and that is in the newsprint industry even with the aid to the facilities that we have, Ontario alone produces two million tons per year and Canada's capacity is 10 million tons annually. This far outweighs the capacity present in the United States, which is only 4.1 million tons. Ontario alone has half the capacity of the entire United States, and that's something we should keep in mind as an advantage we have.

Mr. T. P. Reid: That's at the moment; that's what you said this is, the capacity at the moment.

Mr. Foulds: Yes, that's an advantage. If we take steps to modernize the industry, we can maintain a lead and an advantage. The interesting thing that has happened is—well, one could read through all the reports; this one is dated 1946 and the first report on what is wrong with our forest industry in Ontario was in 1909; the latest discussion of the problem arose as a result of the signing of the Reed memorandum of understanding and a realization that the last tract was about to be allocated and we didn't have a limitless forest. Now that led to an admission by government and by the minister that a problem really existed. That in turn, as was evident in Thunder Bay, generated a lot of goodwill and a desire to do something. A desire to protect the 21,000 jobs in the manufacturing sector of the pulp and paper industry, as well as the 7,000 in the woods industry; to protect the payroll of \$3 million; and to protect the—

Hon. F. S. Miller: It is \$300 million.

Mr. Foulds: Sorry, \$300 million; and to protect the proportion of our total provincial product which is about the same as mining, about 2.5 per cent of our total provincial—

Hon. F. S. Miller: I think mining is higher than that.

Mr. Foulds: Is it a little bit higher than that, 3.1 per cent? But anyway in terms of export, we have \$1.5 billion?

An hon. member: Six per cent of the provincial exports.

Hon. F. S. Miller: Six per cent of the provincial exports are forest products and 25 per cent are mining products.

Mr. Foulds: Anyway, we understand those basic things should be protected and perhaps developed. What worries me is it's now 14 to 16 months since this minister has been minister, and although he has indicated he has put that at the top of his list of priorities, we have had no definite program of action. We have had some tinkering; we have had a conference in Thunder Bay; but we have had no major statement of what is to be done over the next four to five years.

For example, the minister has said he hopes to reprivatize the reforestation with two or three major companies, but at the present time we don't know if that arrangement has been worked out. We have had no statement as to which of those companies will take it up; I would like to know whether or not that has fallen through. We have only tonight had an indication of the amount of moneys the minister is about to spend on getting good nursery stock and good seed and seedlings.

We have had no indication of details of the cultural plans designed for the varying conditions in the varied north that we heard about in Thunder Bay several weeks ago. I think we deserve some answers on those before we leave these estimates. We have had no indication from the government about what steps the ministry is taking to ensure, once the planting does take place, what tending will take place to ensure the survival of the plant.

In other words, we have not had a complete statement from the minister on what the ministry and what the government is doing to actually close the regeneration gap in concrete terms and to follow that through step by step.

I would like to make a half dozen or so concrete suggestions and I reiterate one that I made at the opening of the estimates. I have yet to hear why the minister cannot make a statutory commitment to sustained yield. We have not yet had that statement.

Mr. T. P. Reid: That was answered in the minister's comments.

Mr. Foulds: We need, second, to have the statement by the minister that he does plan to put an emphasis on the importance of the job of the unit forester, no matter who does the reforestation and the regeneration, so that he can actually manage his unit, that those units are small enough that he can see that the proper kinds of cutting take place and the proper kinds of reforestation take place.

Third, we need some clear indication from the government and from the ministry that we are developing the necessary nursery stock which, I understand, tends to be the greatest inhibition to our regeneration program. So we need some indication from the minister that we are developing that stock and collecting not moribund seed, but active and good quality seed, and I think we have to have some assurance that we are not merely planting to make the numbers look good, as has tended to happen in the past; that we are planting, not for planting's sake, but for survival's sake.

Fourth, I think we need to have a commitment from the ministry that it understands that we need to bring the planting methods into the 20th century; and if that requires some expenditure on research and development for mechanization or semi-mechanization, then let's do that.

When you stop to think of it, planting by hand, or using that as the major kind of planting for the vast areas of northern Ontario, means that in fact we will never catch up. We are taking some steps in terms of

scarification and in terms of prescribed burning; and as an aside, I would like a specific figure on how much prescribed burning we expect to do in the coming year for the 185,000 acres the minister mentioned. But if we need to get into developing the planting methods, then let's do that and let's have a commitment to that before this House rises this June.

Fifth, and we should have a clear statement on this from the ministry—at least for the time being, in terms of productivity, let's concentrate on our most productive sites. If we can't do everything all at once, it makes a lot of sense to put our money and our best stock and our best seeds into our most productive sites.

Sixth, let's encourage in a very real way something that Mr. Gaunt was talking about: let's encourage the development of private woodlots and let's assure those producers of a market at a fair price. Often the private woodlots are, in fact, the lots closest to the site of production, the mills.

I could get into a side issue here: let's not tie them into a monopoly situation as we have with some independent cutters in the Thunder Bay area and MacMillan Bloedel. Let's assure them of a fair price.

I want to reiterate the desire on our part for the ministry to look at the development of a permanent large-scale system of forest access roads. I think that is essential if we are going to cut properly, replant properly and tend properly.

Finally, let us, if we can, get some of the private companies to reforest. I am not going to be dogmatic about that, but let's get them to make that commitment. Also, looking at things logically in the vast array of routes that we perhaps should take, let's really take a look at the possibility of developing a crown corporation to harvest and reforest at least one or two areas of the province.

If the Reed agreement doesn't go through, and it looks as if it may not, that might in fact be an area where we could realistically try that experiment. We have a lot of good will, but I don't think we can simply take the assurance that the minister's good will is enough.

Ad hockery has been the bane of the forest industry. It is what has got us into the mess we are presently in. We must have an overall commitment and plan by the minister and the government. If the minister made such a major announcement with the appropriate delegation of authority, with the appropriate legislation, then I, for one, would have somewhat more confidence in his good intentions.

I think we in this committee and we in this Legislature deserve such a commitment and such a plan before the House rises in June, or we will be through another year, the regeneration gap will have widened, and when we debate these estimates again next year the situation will be worse instead of better when you predict a record cutting year.

I have some other things to say, but that is it for the time being, Mr. Chairman. I will let other members of the committee get in, but I would like some response from the minister.

Hon. F. S. Miller: The obvious advantage of having had you visit the Thunder Bay conference comes out when I listen to you talk today, because I think a good many of the points you have mentioned were those that were agreed upon by most of the foresters as being (a) the problems, and (b) the needs.

If we have the conference again next year—and we intend to, as you know—I certainly would want you to come back. I certainly would want you or your official critic, the invisible member from Frontenac-Addington (Mr. McEwen).

Mr. T. P. Reid: Don't start that, Frank, You will issue an investigation in advance?

Hon. F. S. Miller: Well in advance. I am totally sold upon the advantages of having an informed critic, even if I have had to show the informed critic some of the problems that maybe I would like to think were mine to share all by myself. I find it better to be as open about troubles as one can be and let you grasp the magnitude of the problem, rather than simply assure you that we have a pat solution for the problem in our hands. I don't have one and I think that was the key thing that came out of that Thunder Bay conference.

I have to say that I have less confidence than you do in the value of official statements. That is the difference between the engineer on my side and the English teacher on your side. I don't believe that rhetoric will grow the trees; I believe that hard work on a progressive basis will grow those trees. I can stand up and make all the statements you want me to make and only have something you can attack later on.

Mr. Wildman: Make two for one.

Mr. T. P. Reid: One for one is all.

Hon. F. S. Miller: If you want to go after I. I think the answer is to give the direction that the ministry and foresters want, and the funds to see that the programs are put into place. I feel we are doing that. I

agree we have lots of problems in the Canadian operations. We too tend to see those problems clearly and to see, as you also stressed, that they are not overwhelming.

The advantages that the Canadian production has are real. I do agree with you that the low productivity is largely a function of the mill—design and age. How much could be improved through greater human initiative, I am not about to argue. There is always room for that in today's plants; but as they become more and more mechanized, perhaps it is not as critical as it used to be. Machines do most of the work for most people in these plants today.

I think an analysis of unit labour costs would show the Canadian unit costs are higher than the American unit costs. That is something I have to caution all parts to this equation to look at carefully. You cannot have lower productivity and higher unit costs forever without running into a non-profit situation. Thank goodness the drop of the Canadian dollar largely compensated for those two factors when we add—

Mr. Wildman: The invisible wage factor.

Hon. F. S. Miller: Yes; but the fact remains. If one analyses the American rates of pay, we have to compete with them. If we have in the last four or five years tended to pay ourselves more than historically we did relative to the American plants, then we eroded the Canadian position relative to those plants.

Mr. T. P. Reid: You see that on the border. You have a mill on the American side and one on the Canadian side, and you see it very clearly.

Hon. F. S. Miller: If you are truly interested in keeping jobs in Canada, as I think we all are, we have to recognize that while the worker is entitled to every cent he or she earns, it has to be earned. It cannot be artificially given to them through granting a rate of pay which cannot be recouped in the market place. It is as simple as that.

The Canadian dollar tended to balance some of those factors out, whether we liked it or not. People in the world said we tended to pay ourselves a little more than we were earning.

Mr. Foulds: The same is true, though, for return on capital.

Hon. F. S. Miller: That was one of the great advantages, of course. Our plants are old enough to have been written down, and we had a chance to have highly depreciated equipment in place. Therefore, our capital costs in this overall equation weren't as high as those of our foreign competitors.

Mr. T. P. Reid: But those are all short-term solutions.

Hon. F. S. Miller: No argument. But I was encouraged to see in that summary we gave you the other day about a whole series of studies of the mills in Ontario that they aren't so antiquated that they can't become competitive with, as we called it, remodelling. In other words, investment on a gradual basis in most of them.

When I was a young engineer I was told that water, energy, wood and labour were the key ingredients of a viable forest products industry. Are they still? I would think they basically are. We are in good shape on the water side. Our energy costs have generally been better than average. Of late, we have faced real problems in that area. They have escalated quickly.

Our wood costs traditionally were lower and now are higher. Our labour costs traditionally were lower and are now higher.

I recall that there was the figure of \$1.222 billion in that report as the estimate for upgrading the pulp and paper mills of Ontario to the point where they would be not necessarily competitive with the American mills, but in viable operating shape. Over a five-year plan, that was roughly \$245 million a year as required investment. Of that amount \$138 million, you will recall, was needed for modernization; and for pollution related changes, \$107 million.

Mr. T. P. Reid: Those figures are low.

Hon. F. S. Miller: They could well be. We did this on a mill-by-mill basis, looking at what each plant needed specifically in so far as we could determine it. I don't think we got much comment from the companies that they thought we were out.

Mr. T. P. Reid: Not on an individual basis. But the cost of rebuilding those machines is just terrific.

Hon. F. S. Miller: I think we have allowed for gradual replacement of machinery rather than holus-bolus replacement.

Mr. T. P. Reid: You have got three mills, you say, that will be out of business because there is no possibility, for a lot of reasons, that they can work. But even the mills that are doing it are looking at \$25 million to \$50 million to replace some of that machinery per mill—per machine, one machine in a mill.

Hon. F. S. Miller: We have an interesting problem in the forests of Ontario. While we are struggling to improve regeneration, we have to realize that many of our stands are overmature. They are crying for cutting before they become so overmature that they are

not worth harvesting. This stresses the need for access. We talked about access a good deal and that is one of the things we are tackling in this privatization project that we are talking about.

Mr. T. P. Reid: Would the Reed Paper limits be among those crying to be cut?

Hon. F. S. Miller: I don't think I would necessarily put it in that category. I put over flow in the Reed limits a couple of times. We are just now doing our inventory on it. You will find pockets of overmature timber there. You will also find large areas of relatively immature material on those limits because of a number of fires that have swept that area.

On private woodlots, I agree completely. Perhaps they are 10 per cent of our forest land in Ontario, 25 per cent of our volume of output. I can't help but get almost lyrical when I think of the potential of the private lands of Ontario now being neglected for forest production. One of my, not better speeches, but one that my heart was truly in—although I did not stick to the script, Mr. President—was when I addressed the Ontario Forestry Association and talked about the private lands of southern Ontario. I truly believe there are many thousands of acres of land crying for good management in marginal farm lands, the Muskoka type scenery.

Mr. Wildman: Edwardsburgh.

Hon. F. S. Miller: Yes, no argument, marginal farming.

Mr. Wildman: That is where a lot of Americans have a lead.

Hon. F. S. Miller: Yes, they are accessed with roads, they are all set up, the costs of infrastructure are there and publicly owned. I think the potential is great. I personally planted 2,000 trees two weeks ago on my own woodlot.

Mr. Foulds: Personally.

Mr. Wildman: Did you get a subsidy?

Mr. Foulds: I can only say that my brother personally planted 1,000 over the weekend.

Hon. F. S. Miller: No, I didn't. I supervised the planting of the trees while a lot of grade eight music students earned money to buy instruments while planting my trees.

Mr. P. T. Reid: Who paid them?

Hon. F. S. Miller: I paid them myself—with my money.

Mr. T. P. Reid: I bet it was below the minimum wage.

Hon. F. S. Miller: They took a contract.

Mr. Wildman: Is that how you treat your future contract employees?

Hon. F. S. Miller: Yes, that is right and they were happy all day. They will be back regularly to see how those red pine grow. They have already been back to see if they took.

Mr. T. P. Reid: The ones who weren't in the hospital with bad backs.

Hon. F. S. Miller: I agree that we need to concentrate on productive sites when you are not covering every site. Obviously, you are going to put your money where you are going to get the best value in the shortest possible time and move outward.

We talked about a number of mechanisms when we were at Thunder Bay to be considered by Mr. Fullerton. He is heading up a group who are to follow up on the Thunder Bay conference. I don't know when you have a report—is it June? To me?—

Mr. Fullerton: June 30 is the target date.

Hon. F. S. Miller: —on the first stage of that followup because we are determined to try to turn the momentum which was generated and the enthusiasm that was obvious at that conference into something tangible in terms of a better forest program. Recognizing all the unknowns and all the things that are still not understood, we can still do a great deal. I have respect for planning, though not quite as much confidence in it as being the end-all and end-all of all our problems. I really think that planners have a penchant to wait until they've got a perfect plan before they do anything, I don't care whether it's land-use planners or forestry planners.

Mr. T. P. Reid: What do engineers do? Do they plunge forward with an imperfect plan and an imperfect design?

Hon. F. S. Miller: Engineers have always dealt with the realities of life; therefore we are less than perfect.

Mr. T. P. Reid: No, you just realize what engineers are. I would have thought that there was a certain attitude to work.

Hon. F. S. Miller: We are the empirical people in the scientific community, I would say, whereas the pure scientist is always looking for the Einstein approach $E=MC^2$ type of thing, an equation that neatly describes in pure terms what happens. The engineer always has constants on at least powers to the third degree.

Mr. Foulds: I would have thought the biologists and foresters deal with the same kind of empirical sciences.

Hon. F. S. Miller: Our equations have many constants and variables that never work, but we get results. I will let you know.

Mr. Foulds: I have finished. I have no comment on the crown forest management vote at this time.

Mr. T. P. Reid: Now we will hear from the naturalist from the Beaches.

Mr. Chairman: I had Mr. Wildman on next on vote 2404, item 2.

Mr. Wildman: Mr. Chairman, Ms. Bryden deferred to Mr. Foulds.

Mr. Chairman: Go ahead, Ms. Bryden.

Ms. Bryden: I think the minister said earlier that one can't do regeneration by rhetoric, but it seems to me in his leadoff for these estimates that was exactly what he was doing when he said, "I mean this attack on the regeneration gap to be vigorous, positive and unflagging." All we have really got out of this conference in March was the setting up of a working group to bring in an implementation schedule and to report back in a year as to what is happening.

Hon. F. S. Miller: I don't think so.

Ms. Bryden: We haven't really got any concrete indication of what new policies are going to be brought in to close this regeneration gap that is now admitted as being at least a third and probably much more, maybe 50 per cent or 100 per cent.

Hon. F. S. Miller: Just let me interrupt a second. One of the things you learn if you are chosen or if you have to lead people is that one of the most important things to do is inspire them to produce. If nothing else, I think that conference helped inspire some of our people towards a more vigorous effort in that area. I don't apologize for that; that's one of my duties as a minister.

Ms. Bryden: We've had endless conferences on reforestation. There were very good papers at most of them but we still have the regeneration gap.

Hon. F. S. Miller: This is the first one I know of that this ministry has had of that type. I think if you were there—and you weren't there, though your colleague was there—

Mr. T. P. Reid: You've known the problem has been here for years. You can call all the conferences you want.

Hon. F. S. Miller: I think you should talk to some of the people who were there. You'll find they thought the conference did start to tackle the problems.

Ms. Bryden: I would really like to get on to discussion of this new paper that has just come out from your ministry called The Ontario Pulp and Paper Industry—Status and Outlook. I find some of the comments, par-

ticularly some on page 26, to be rather disturbing. For instance, I quote this paragraph:

"The provincial government will need to review carefully the position it wishes to take in regard to pollution control standards. For the companies, the burden is substantial, particularly in the sulphite area where the process changes would not be made if the order to reduce biological oxygen demand levels did not exist. A number of options are available, including direct grants and indirect taxation assistance as well as lengthening the period of compliance or reducing the compliance standards in some or all instances."

[10:00]

It seems to me that this report is going to be used as an attempt to justify a weakening of the government's environmental program in attempting to clean up the greatest polluter in the province of Ontario, namely, the pulp and paper industry. It's doing it on the basis of trying to establish that the pulp and paper companies are having a hard time financially and cannot really afford pollution control; so what we should be doing is lengthening the period of compliance or reducing the compliance standards.

Mr. Chairman: Ms. Bryden, I think we're a little bit out of order here. Although I appreciate your remarks with regard to the environment and pollution control, we're discussing forest management, which has nothing to do with the pollution of the industry. I think we've gone over that one so many times now that it's getting a little bit out of order—

Ms. Bryden: Mr. Chairman—

Mr. Chairman: We are concerned about the management of forests in Ontario. We are not concerned about the pollution; we went through that with the Ministry of the Environment estimates, **Ms. Bryden—**

Ms. Bryden: Yes, Mr. Chairman, but this is a Ministry of Natural Resources report—

Mr. Chairman: I appreciate that, but it has nothing to do with forest management.

Ms. Bryden: —suggesting new policies for the pulp and paper industry, and I submit that this is relevant.

Mr. Chairman: The Ministry of the Environment has the control over the Ministry of Natural Resources with regard to environmental control. We are not discussing the environment or the pollution; we're discussing forest management.

Ms. Bryden: That is correct.

Mr. Chairman: This is precisely what we're trying to get through tonight, because we have very little time left.

Ms. Bryden: It's not my fault that we have very little time left. I have not been or tonight before.

Mr. Chairman: I'm just saying we're wasting time here. We're discussing forest management. It has no bearing whatsoever or what we're discussing under this item.

Ms. Bryden: Mr. Chairman, I would like to ask the minister what policies he is considering following this particular comment here, that some sort of options are available such as direct grants and so on. The Ministry of Natural Resources is presumably going to make some policy proposals to implement this report, because the greatest point that is made here is that the pulp and paper industry needs modernizing. Mind you, the report also points out that they are not following energy-saving policies which could reduce their costs if they used wood waste for power and for steam; they are not increasing efficiency as much as they should because pollution controls can actually increase efficiency by modernizing the plant at the same time.

I'd like to ask the minister, though, has he plans for subsidizing the industry? The report makes a great statement about what difficulties they're in, but there were two firms whose profits in the first quarter of 1978 were just reported: Great Lakes Paper Limited profits went up from \$1.6 million to \$2.6 million in the first quarter, and those of Abitibi Paper went from \$3.5 million to \$14.8 million in the first quarter; so these firms are in a position to modernize and to increase their efficiency and their pollution controls.

Hon. F. S. Miller: That assumes that shareholders don't get anything.

Ms. Bryden: I don't think it does, Mr. Minister. If profits are four times as great for Abitibi—

Hon. F. S. Miller: Four times what, though? One has to go back and recognize another statement in this report which says "return on capital invested in this industry has been less than average." If it has been less than average over a series, then surely to attract capital to the industry, the return has got to get up to the bank rate at least. Right now, if people could withdraw their money from the pulp and paper industry and put it in mortgages, they'd be a lot better off. Thank goodness they can't or we'd have a lot more unemployment.

Ms. Bryden: I'm wondering what the minister meant in his leadoff statement when he said on page 13 that "there will be a strengthening of corporate involvement in

policy formulation." It seems to me that he is now proposing to get involved with the pulp and paper industry in helping them modernize, but presumably he is not going to suggest that it should be some joint venture or some gaining of equity when he makes grants, or some sharing in these large profits. He simply is talking, in this report anyway, about direct grants or indirect taxation assistance. I question whether a lot of these firms really need this kind of assistance and whether this is not just a paper which is trying to justify a withdrawal from the principle that the polluter must pay. Or is it that government should put up the money and the companies reap the profits, which seems to be the principle that has operated in the past? What does he mean by "strengthening of corporate involvement in policy formulation"?

Hon. F. S. Miller: First of all, this is not my paper. I think you have to understand that I didn't write it.

Ms. Bryden: No, I'm sorry. That quote is from your leadoff address.

Hon. F. S. Miller: Okay. We put out the options the consultants and the people studying it saw, because not to show all the ways, or some of the ways at least, that were thought of as solving the problems would be foolish. Obviously, lengthening the period of compliance would be a way; reducing the standards would be a way; involving ourselves with some kind of grant system within the five-year period would be a way; and, possibly, tax assistance would be a way. You see, we have imposed upon the companies the demand for \$107 million a year of that \$245 million by saying pollution standards must be met even though that \$107 million a year will not directly earn them any money.

In the past, if you look at the records, they were only spending at the rate of \$16 million a year for pollution abatement equipment. We're insisting they meet our standards, realizing that in many places like Quebec, they're not being forced to meet the same kinds of standards. You are, therefore, exporting jobs to Quebec if, in fact, you insist on a choice by a company that operates in both provinces as to where it will invest its money. I think we have to keep that firmly in front of us because Quebec's problems with their mills and our problems with our mills are almost identical since they created their mills about the same time as ours were created.

I said I was not going to stress the statement any more than state we may be considering ways and means of assisting in pollution abatement because that's all we're

doing at the present time; we're considering them. The industry is not anxious for government to give them grant money in so far as I can see because they learned long ago that government grant money almost always comes with strings or involvement that they don't particularly appreciate. And I can sympathize with that.

Some of them feel that in a market that is recovering—as the paper market is and I think the pulp market will also, before too long—their greatest incentive to reinvest money is the creation of cash flow, and that creation of cash flow can be stimulated by progressive tax policies relating to pollution abatement equipment. If we don't want to grant money, and we recognize from our analysis of the cash flows that companies have had available to them that there isn't enough to do all of the things we're demanding of them, then perhaps we're going to have to help them find cash to reinvest from within their present incomes.

Most of these companies don't argue about reinvesting cash if it's there. Analyse that statement and you'll find they borrowed \$650 million, or some such figure, over the last few years for the programs they have carried out. That's a lot of money. Because they aren't earning bank interest on many of their investments, they are not what the bankers would call the best risks in the world. If you pay, what, prime is nine and a quarter right now, isn't it?

Ms. Bryden: It's somewhere around there.

Hon. F. S. Miller: I think it's nine and a quarter right now. I had to pay prime plus two for a farm loan this week. That's a fairly healthy rate of return. An analysis of returns in the pulp and paper industry showed it was down around 4.7 or five per cent.

Mr. Fullerton: It's 4.3 per cent, I think, on one of the two that Ms. Bryden mentioned.

Hon. F. S. Miller: In any case, it's between four and five per cent. You'll see that the industry hasn't been gaining a greater return than you and I would expect. That's why talking millions of dollars in multi-million-dollar companies is a great way to make people think there's a ripoff, but one has to relate it to sales and investment before one decides whether the profits were or were not excessive, if there is such a thing as an excessive profit.

There are three ways that we share in the profitability of a company, that I can see. Direct taxation is one of them. The employees, generally, are able to bargain better when profits go up—I think you'd agree with that—and, generally, they have been successful at

bargaining for better rates of pay, as they should, as profits go up.

You and I seem to be able to spark each other's particular beliefs a little more than the other speakers. I believe in the free enterprise system; you do not believe in the free enterprise system. I cheer when there is a profit; you cry when there is a profit. I tell you, unless there are profits there aren't going to be jobs.

Mr. Wildman: He believes in rational enterprise.

Ms. Bryden: I believe in the free enterprise system. I just think that it should be a little freer instead of a cozy arrangement with the government paying some of the costs and the company taking the profits. That's not free enterprise.

Hon. F. S. Miller: I'll tell you, you go to Scandinavia and find the way that the socialist governments of Scandinavia have involved themselves in the pulp and paper industry and virtually destroyed it; then you'll find that the philosophies and beliefs you have continue—

Mr. Wildman: Destroyed it?

Hon. F. S. Miller: Yes. What's happened to the world pulp markets in the last year and a half—and why? Go and see where the excess pulp is, and it's in Scandinavia. Why? Because governments that had an investment in the companies insisted on them producing when they couldn't sell. Now they have to depress the price to unload their surplus inventory. They're caught with high unemployment in those countries, high inflation.

Mr. Foulds: There's higher unemployment in Scandinavia?

Hon. F. S. Miller: Yes. Sweden has gone away up.

Mr. Foulds: Higher unemployment than in Canada?

Hon. F. S. Miller: I can't quote the figure.

Mr. Wildman: That's since the government changed, of course.

Hon. F. S. Miller: The government changed and was then accused. It's more socialist or slightly less socialist—that's the way you define the governments over there right now. Anyway, the great experiment didn't work.

Mr. Wildman: After 40 years it will.

Ms. Bryden: Mr. Minister, even this report here says that some of the companies have been doing much better since the Canadian dollar went down.

Hon. F. S. Miller: Yes, but isn't that a pretty tenuous basis for better profitability?

Isn't it pretty grim that we had to drop our dollar by 12 cents to make a profit?

Mr. Foulds: The dollar dropped, we didn't drop it.

Ms. Bryden: The dollar may be at a normal level now.

Hon. F. S. Miller: You look at the profit. I say that in an analysis of the profit of the pulp and paper industry and the amount that came from the drop in the Canadian dollar, I have an idea that close to 60 per cent of the dollars generated this year were entirely attributable to the drop in the Canadian dollar.

Ms. Bryden: I'd just draw the minister's attention to the 1976 report from the Ministry of the Environment which concluded that the 1976 figures—

Mr. Chairman: Ms. Bryden, I tried to tell you beforehand that you are out of order on this question. If we go under the program description of the resource products program, you will find that this program consists of activities which provide for the production and harvest of renewable natural resources and which encourage and regulate the development of the province's non-renewable resources. We are not discussing the pollution problem. I must remind you that we either stick to the forest management or we go on to Mr. Miller next.

Ms. Bryden: I think Mr. Wildman is next, so I'll defer to him.

Mr. Chairman: No, Mr. Miller is next. You've had three speakers here and Mr. Wildman wasn't on the list.

Ms. Bryden: No, wait a minute.

Mr. Foulds: On a point of order: Before you came in here there was no switching back and forth between parties.

Mr. Chairman: I've done it. I've done it all along to be fair to all three parties.

Mr. Foulds: There was an hour and a quarter of the estimates taken up by the Liberal Party.

Mr. Chairman: I must remind you that your party has taken up two to one of the other two parties put together. I have the statistics to prove it, the hours. I mean, we've been more than fair. What I'm trying to tell you is that we are not discussing pollution control here. We are discussing the forest management. Either you stick to the item or we will rule you out of order and we'll go on with Mr. Miller.

Ms. Bryden: I was prepared to let Mr. Wildman take over.

Mr. Chairman: I think Mr. Miller should have a chance.

Ms. Bryden: There has been an hour and a quarter tonight taken up by the Liberals.

Mr. Chairman: That's fine but I must remind you that many of your members have taken up over an hour in meetings with Natural Resources estimates here and you're running at a ratio of two to one now.

Ms. Bryden: But not on forestry.

Mr. Chairman: Yes.

Ms. Bryden: Not on forestry.

Mr. Chairman: I have the figures to prove it.

Mr. Foulds: Not on forestry, Mr. Chairman.

Mr. Chairman: Right through.

Mr. Wildman: Mr. Chairman, on a point of order—

[10:15]

Mr. Chairman: Maybe tonight the Liberal members might have been taking up a little more time, but let's be fair about this.

Mr. Wildman: Mr. Chairman, I am not disputing the time, as you have pointed out. I just want to indicate to you that your predecessor in the chair, Mr. Hennessy, indicated to us that the reason Mr. Reid would follow Mr. Gaunt was the fact that the two of them had indicated they wanted to speak and he asked if it would be acceptable to us if there was not an alternation there and that the three of us would go subsequent to that. We agreed to that prior to your taking the chair. I don't want to take a lot of time here because we haven't got much time.

Mr. Chairman: No, we sure as blazes haven't.

Mr. Wildman: I would not be against Mr. Miller taking time to ask a question, but I would like to point out that I have sat here all evening and I had a number of questions and I have deferred, hoping to give other people a chance. It would be somewhat unfair if I were to sit here all evening and then not—

Mr. Chairman: I think we can hardly devote one night's discussion here, which is the last night in the Ministry of Natural Resources estimates, to evaluate the time that's been spent by the three parties. I must remind you that your party has taken up—

Mr. Wildman: I said I wasn't disputing that.

Mr. Chairman: Right.

Mr. G. I. Miller: How many questions do you have? How long do you need?

Mr. Wildman: If you have only one question, go ahead.

Mr. G. I. Miller: Okay, thank you.

Mr. Chairman: Just a second. Ms. Bryden had the floor.

Ms. Bryden: No, I had finished, Mr. Chairman.

Mr. Chairman: All right.

Mr. G. I. Miller: Thank you. We had a lot of discussion on forest management in northern Ontario, and my concern is in southern Ontario and how much attention has been focused there. We have a reforestation station in St. Williams. How much of the market does it produce as far as regenerating is concerned in Ontario?

Hon. F. S. Miller: I don't know what the one individual nursery is doing in that area. I can get statistics for you. Earlier, I think before you came in, I was talking about the productivity of private lands leased, the productivity of the crown lands in the north. I was saying that 10 per cent of the lands in forest production today are privately owned and they produce 25 per cent of the volume.

Mr. G. I. Miller: Ten per cent privately owned?

Hon. F. S. Miller: Yes, producing 25 per cent of the volume of the product in Ontario. That wouldn't all be in southern Ontario. I also said I thought the greatest potential for improved forestry lay in southern Ontario—the greatest potential that's not being realized on private lands in southern Ontario. We have a number of schemes the ministry operates in an attempt to encourage forestry on private lands; the Woodlands Improvement Act I guess it is, with the agreements that we have under that we have operations where we go in and I guess manage private forests for people under agreements.

We keep nursery stock available at far less than cost. I think you pay a penny for a tree if you buy them in quantities of 1,000 or more for the conifers. I don't know about the hardwoods, because I guess we don't sell them that way. We hardly would need to, would we? We do? In large quantities too? Maybe Mr. Peacock would like to talk about the particular nursery, because I think he is familiar with every nursery in the province.

Mr. Chairman: May I interrupt for a minute? We have a motion here for tomorrow's meeting of the Ministry of Agriculture and Food and we need the motion of the committee to request the House for authority to engage counsel for the study of the annual report of the Ministry of Agriculture and Food. This is pertaining to the two per cent discounts.

Mr. Wildman: So moved.

Mr. Chairman: So moved, Mr. Wildman. Thank you very much. That's fine. Go ahead, Mr. Peacock, sorry.

Mr. Peacock: Mr. Chairman, one thing I would mention in regard to the program in southern Ontario, one major obstacle has always been the lack of a market to utilize the low quality material. When you look at the farm woodlots of southern Ontario and you want to improve the productivity of them, one of the things they need most is removal of low grade material, overmature and large spreading crowns, this sort of thing. I would be fairly optimistic, with the current fuel wood market and some of the indications in the use for energy, that we are on the edge of an era when a tremendous potential exists in these wood lots.

With regard to St. Williams, I can't give you the production there right off the top of my head. It is one of our larger nurseries and it's producing about six million trees.

Mr. G. I. Miller: Is there room for expansion?

Mr. Peacock: There are two difficulties in terms of expanding it. It isn't what we would call a Carolinian forest. It's right on the shore of Lake Erie. Therefore it flushes very early in the spring. You are somewhat limited in producing stock there and shipping it northward. Therefore it serves a rather restricted area. I believe we have put in cold storage facilities there, or we intend to, to try to overcome that problem as much as possible. The other difficulty is the demand for stock in the area and we have been expanding programs in the north on crown land. That has tended to pull trees from our facility at Midhurst, which is on the CPR main line, and expand the nurseries in northern Ontario more than St. Williams.

Mr. G. I. Miller: Just one final question. Do you have any gauge to indicate if there has been more use locally over the past 10 years? How effective are your programs from a regenerating point of view in southern Ontario?

Mr. Peacock: The Woodlands Improvement Act program to which the minister referred has been well received and there's a very high demand for it in southern Ontario. I think it's very effective.

Mr. G. I. Miller: In other words, you are satisfied that they are making strides forward in regenerating?

Mr. Peacock: From a staff point of view, we would always like more.

Hon. F. S. Miller: Can I add that in the hardwood forests—again the experts will em-

bellish this—good management of forests, good cutting techniques, would generally result in good reproduction. This would happen without an awful lot of the replanting that we face in the boreal forest in the north because of the hardwoods' abilities to reseed and grow.

Mr. G. I. Miller: In time, from a personal point of view, I can see a lot of jobs sitting there and a lot of forests sitting there that could be generated in southern Ontario at a time when the job programs could be—

Hon. F. S. Miller: I can get excited about it from all points of view and I think it deserves a lot more attention.

Dr. Reynolds: In its way, Mr. Miller, with the energy situation that we are now facing, the much increased demand for fuel wood for fireplaces and furnaces and all sorts of uses will have a very beneficial effect on the hardwood forests in southern Ontario. Much of the material that Mr. Peacock earlier referred to really needs to be taken out—cull trees, overmature trees and that sort of thing. You couldn't afford to hire people to take this out before, but it will now be taken out, often on a volunteer basis.

Mr. G. I. Miller: There are still a lot of dead elms sitting around—

Dr. Reynolds: Yes, there are many of them.

Hon. F. S. Miller: A lot of them are getting cleaned up by volunteers now.

Mr. G. I. Miller: I just wondered if your tree planting program was geared—hardwoods are the main energy-producing woods, and I wondered if you are keeping pace with that. But maybe the need in hardwood, as you realize, is 70 years down the road before it's going to be of very much value to you.

Dr. Reynolds: The utilization is very high. In the hardwood area especially, and in reasonably well-managed woodlots, there is not much need for planting. Volunteer regeneration comes in very well, especially in maple and species like that that are the more desirable ones. The real problem is removing cull, overmature trees and that sort of thing and making space for the types that you want to grow and to grow better forms.

Mr. Chairman: I must remind the members of the committee, we will have to sit until 10:45 because we have two hours and 45 minutes left unless you want to proceed with that. I would rather wind it up sooner so we can go and see the rest of the game. Go ahead, Mr. Wildman.

Mr. Wildman: Thank you very much, Mr. Chairman.

Mr. G. I. Miller: I think I was very fair.

Mr. Wildman: You were. I thought there was something significant in the seven minutes he was pointing out.

I have a number of short things that I will not go on at length about, but I want to ask about the whole approach of the ministry in allocating limits to companies. It seems to me that we have suffered in the north from an ad hoc approach to this whole thing, sometimes involving the federal government in terms of DREE grants, in terms of getting employment going, sometimes Indian Affairs and Northern Development grants in terms of getting employment going, where they set up a mill without perhaps consulting well enough with the Ministry of Natural Resources to find out whether there is enough timber available; then we have a situation where we have a new facility that can employ people and suddenly we have to start looking around for wood.

In my area we have a situation where, as the minister knows, there is a very new, modern mill. It is in the process of being opened up in White River by Abitibi. That is very good, frankly. It has provided some kind of hope for the future of White River in terms of employment and so on; it has brought a lot of people in, the town is expanding and so on. But it has led to some problems, in that the established firm of Dubreuil Brothers in Dubreuilville is now concerned about whether or not it is going to have the required timber it needs for its mill because it is operating in a very close area.

It may sound funny to the minister, since he likes to talk about his philosophy as opposed to our philosophy whenever New Democrats speak in the committee, that Jean Paul Dubreuil would come to me and talk to me about his problems in terms of limits and in relation to Abitibi operations and the desire by Dubreuil Brothers to expand. They're on a one-shift basis and always have been, as far as I know. Really, they are on a contract—who is it, American Can?—for the chips and so on.

I think most of the ministry admires the operation the Dubreuils have and the whole approach of the company. That is one area I see as a problem, and I wonder if that is representative. Do we have a situation where companies are awarded grants and assistance by the federal government or the provincial government for opening up operations without the necessary study of what timber is available before they start? Is there enough timber available in the area for both companies and is the concern of the Dubreuil

people ill founded? If you can reply to that point, then I would like to deal with the native question in a moment.

Hon. F. S. Miller: I think it is safe to say that the statements you have made have been borne out in the past, that mills have been permitted to be built with federal funds without any guarantee of wood supply to sustain them.

Today, if DREE money is being given for a new mill or an expansion, I believe the federal government is now requiring a guarantee or a letter from the province saying the wood supply is there to support that type of expansion. That is an attempt to prevent us working at cross purposes.

We share your admiration for Dubreuil. I think he has a right to speak to his member any time he wishes—

Mr. Wildman: I think he has a right. Considering your attitude, I thought you might be surprised that he would bother.

Hon. F. S. Miller: Oh, no. I realize we have to truck and trade with the enemy.

Mr. Wildman: The enemy! My goodness. Your true colours come out.

Mr. Gaunt: I am going to stop payment on my cheque.

Mr. Wildman: Can you answer the question?

Hon. F. S. Miller: I think one also has to realize the discussions that company was having, if I recall them correctly—I also talked to them twice—involved expansion of their operations and a search for wood supplies to justify that expansion. This is pretty normal today. Almost every mill is finding it can go to a second shift or can install specialized equipment not justified by the existing level of production; so you are getting larger and larger mills and fewer and fewer of them as time goes on, or more competition for the existing available wood supply.

[10:30]

Mr. Wildman: Isn't Dubreuil the largest independent?

Mr. G. I. Miller: Don't you know that bigger business is the Conservatives' objective?

Hon. F. S. Miller: It's federal money.

I don't know that Dubreuil is the largest. Great West would be bigger? Yes, I am having two affirmative nods.

Do you want to go on with your next question?

Mr. Wildman: Basically you are saying there is enough timber in the area for both

Abitibi and Dubreuil, if Dubreuil does not expand?

Hon. F. S. Miller: I would be glad to have Mr. Markus come up and talk about the availability of timber if you want to be specific on the limits.

Mr. Wildman: No.

Hon. F. S. Miller: I can't personally state that it is. I assume that staff has looked at it and is satisfied.

The Abitibi mill at White River is about 60 million board feet a year of projected production? Something around that range? Are you familiar with it?

Mr. Markus: The White River mill is about 50 million feet a year.

Hon. F. S. Miller: Output or design, do you know?

Mr. Markus: Design.

Mr. Wildman: Well, it is not output now. They are still in the shakedown process.

Hon. F. S. Miller: They were shifting staff from left- to right-hand side, planing one day and sawing the next day when I was there last.

Mr. Wildman: They are a little further ahead than that but they are still having problems.

Mr. Markus: That's the last I heard on the White River mill.

Mr. Wildman: Are you satisfied there is sufficient timber in the area for both companies?

Mr. Markus: At the present level, yes. Any expansion would create problems in supply, particularly for Dubreuil.

Mr. Wildman: Before I go to the native thing, is this a usual situation where you have two companies competing for limits in the same area and where you have had federal money come in and affect it?

Hon. F. S. Miller: It is not so much the federal money. I would say you have competition in most parts of the province, to expand an operation or move, let's say, closer to wood supplies, and there are innumerable variations on the theme of who gets what and who trades what for what in an attempt to meet each mill's requirement.

Mr. Wildman: Just in relation to that: in Blind River an American company has just purchased the veneer mill on, I think, a hope or an estimate that there is enough good veneer timber in the area to keep the thing going for about seven years.

I have heard a number of different estimates from within the ministry to say that

anything from three to five years is a more reasonable estimate.

In either case it is a short-term solution for the unemployment problem in Blind River and certainly the government has lost a lot of money through industry and tourism—and so has the federal government—in terms of the money they invested in the mill previously. But is seven years a reasonable figure for the amount of veneer timber and, now that Fabris has been purchased, is it possible to hope that there will be a supply of timber for that long in Blind River?

Hon. F. S. Miller: I can't answer that. I would have to ask one of my staff.

Dr. Reynolds: Mr. Wildman, I would say we don't think it is that high. It is probably nearer five years.

Mr. Wildman: That is what I thought.

Dr. Reynolds: And the company that bought the facilities and so on knew this and it is well established. They have made their decision to go on that basis, knowing what the supply is.

Mr. Wildman: They have purchased Fabris since his mill burned down, haven't they?

Dr. Reynolds: Our understanding is that they were about to close a deal. Whether they really have or not, I don't know, but I understand they were discussing it with Fabris. That doesn't really substantially alter the situation because they were going to get the veneer logs in any case.

Mr. Wildman: Except it took a hang off a long time for them to work out any kind of agreement.

Dr. Reynolds: Well, that is between them but the company that bought the facilities at Blind River knew what they were getting into very closely. I don't know what they think, whether they think they can get their investment out in that time or whether at the end of that time some other wood would become available.

Mr. Wildman: Do you anticipate that?

Dr. Reynolds: I don't know where it would come from, frankly. But as somebody said there is a lot of trading of wood and that sort of thing. Wood is often bought from private land, of which there is a fair amount along that stretch of Highway 17, as you know, and inland.

So perhaps they are living in hope, but as far as roundwood is concerned, we can't see anything beyond about five years at the rate of operation they are now planning.

Mr. Wildman: All right. I want to get to the native situation now. There are a number

at sawmills on reserves which have received funds from the Department of Indian Affairs and Northern Development—also, for that matter, some of them have received funds from the Indian community secretariat of the provincial government—and then find themselves without a source of logs. Talking about the Blind River example, I have a copy of a letter from the Mississauga reserve number eight, from Chief Camille Chiblow, in which he states that they have a large new outfitted mill—I brought this up in estimates previously—and they could employ a number of men.

They have received assistance from senior levels of government for this. They have a market if they could get logs, but they cannot get logs. The question is, how could this happen? I believe they did get funds from the Indian community secretariat. What is going to happen? They are asking for more funds, as a matter of fact, from the federal government and yet, as far as I know, they don't have a supply of logs.

Hon. F. S. Miller: I am not familiar with that mill.

Dr. Reynolds: I am not sure that I can be specific on that either, Mr. Wildman. As you recall, the timber supply available to the mill at Blind River was to be divided with the Garden River band, I guess it is—

Mr. Wildman: No, it is the Mississauga band.

Dr. Reynolds:—and with Fabris, and the designated products going to each of those three mills. I don't know if Mr. Markus can answer you specifically on this.

Mr. Markus: I can't recall on that one.

Dr. Reynolds: I am not aware if there are new facilities. Obviously they are not going to get logs that don't exist.

Mr. Wildman: I appreciate your attempting to answer my specific question, but my question is really, what kind of liaison do you have with the Department of Indian Affairs of the federal government and with the Indian community secretariat when it comes to them negotiating with bands to provide them with funds to help them start mills, in terms of letting them know what you have in the area for logging et cetera. I am not saying this in terms of saying you shouldn't do this because we are not going to give them any logs, but in terms of ensuring that there is some kind of material available so we can help with the employment on the reserves. Is there any liaison there? Did this happen without them talking to you?

Dr. Reynolds: I think I would have to say yes, that is what happened.

Mr. Wildman: Even in the Indian community secretariat of your own provincial government?

Hon. F. S. Miller: I am not sure that is a fact.

Dr. Reynolds: We cannot be sure on that one, but surely if somebody is going to put up some money to accomplish certain ends the onus is on them to check the availability of supplies.

Hon. F. S. Miller: I don't think it is unusual for the federal government to have done something like that.

Mr. Wildman: I am concerned about the provincial government. It seems like two arms of the same body may be operating at cross purposes.

Dr. Reynolds: We could find out for you.

Mr. Wildman: I'd appreciate if you would look into that.

One other thing, in terms of that whole area, and a general problem in the northeast, I think, is the problem of independent jobbers and the fact that there just isn't timber available for them. Most of the limits are already controlled by larger companies and the independents are left in a situation of having to cut what is left. Usually what happens is they go into the unit forester and he says: "This company has cut out this area, and if you go in and clean it up you can have all of that staff," on contract to the company, or perhaps independently.

I am in favour of cleaning it up, it makes it easier to regenerate. Why is it that the small independent always gets stuck with the cleaning up, and the larger company that has the limits doesn't have to do it? It is much harder, much longer to do that kind of work when you are going in and there is a mess, there are blow overs and things that are cut down, and culls all over the place. It takes a lot more work and a lot more time to get that out. Why is it they get stuck with it? Why isn't it the bigger company that has to do it?

Hon. F. S. Miller: Are you generalizing, or is it fair to say that private operators sometimes have reasonable limits too? There are other problems.

Mr. Wildman: They are very few and far between in our area.

Hon. F. S. Miller: Let's look at another aspect of this, which is something you might give some consideration to. This is often a union problem where the company limits are by agreement cut by the crews of the corporations.

Mr. Wildman: That is true in the north end of Algoma, but not along Highway 17.

Hon. F. S. Miller: It is true over a whole bunch of areas. When I was out west talking to BC Forest Products, I was interested in one of their schemes to assign a certain percentage of the allowable cut on a given management unit to independent operators. It is something I know Mr. Lockwood is considering now, although we recognize it is not as easy to achieve as to conceptualize. In other words, 80 per cent of the cut has to be cut by the company and 20 per cent may have to be cut by private operators to give these chaps some field in which they will have a market.

I certainly would like to encourage the growth of small operators because there are lots of people who are never going to be large but have real efficiencies of scale. Then, as I say, you get into some problems where you have a non-union crew working on limits that belong to a company that is unionized. Unless there is some understanding between those two groups that this is to go on, it is hard to arrange.

If you have small companies coming along, every so often one of them does very well and succeeds and becomes a fairly strong one, like Dubreuil, and a powerful and useful sustaining group. We are looking at ways and means of helping the private operator by finding mechanisms to assign parts of the allowable cut to them in the future. Whether we will succeed or not, I don't know. We are looking at it.

Mr. Wildman: In the Iron Bridge area, I know there are a lot of small jobbers who are crying out for limits and just can't get them. It is not a union problem in that area. As a matter of fact, there is a gentleman by the name of Hamilton who owns extensive limits in the area but doesn't do any cutting himself. It is all contracted to jobbers. Why on earth does this fellow have the limits if he doesn't have any men? They don't do any cutting. He has all the jobbers, and they are stuck. If they are going to get timber, they have to cut for him.

Hon. F. S. Miller: Not necessarily. You are fighting against yourself all of a sudden. You are saying you want jobs for jobbers. Then somebody comes along and creates them and you say why should he be allowed to do it?

Mr. Wildman: Wait a minute. That timber is there. If he didn't have the limit, they would.

Hon. F. S. Miller: Oh, come on now.

Mr. Wildman: Or they could.

Hon. F. S. Miller: That is not necessarily the case. I have the right to hire crews or farm it out, if I am in a position like that. If

I can more efficiently, or at lower cost, have it cut by farming it out to private operator that is what it is all about. You do the same thing with all kinds of other services in the world.

Mr. Wildman: We know that is how the ministry operates too.

Hon. F. S. Miller: Sure, and I am proud of it.

Mr. Wildman: I have just one short question and then I am finished. The time is running out anyway. I'd like to know why in your tree planting operation the students you are hiring this year who, I believe, in the past used to get the regular pay rate of \$5.14 an hour—

Hon. F. S. Miller: It was \$5.14, I think.

Mr. Wildman: —are being paid \$3.89 an hour this year.

Hon. F. S. Miller: They are being paid 70 per cent of the adult rate.

Mr. Wildman: You have students who worked last year who are coming back to work this year and are going to get paid less than last year.

Hon. F. S. Miller: One of the interesting things about it is we were trying to create a maximum number of jobs for students. It happens there are darn few jobs for student around Ontario in places that have to meet a payroll that pay \$5.19 an hour.

Mr. Wildman: How can you justify paying somebody who got some training last year—

Hon. F. S. Miller: We probably have an opportunity to use our existing budget and give a lot more kids a job opportunity. I'll tell you you don't have too much trouble getting students to work for \$3.89 or whatever it works out to.

Mr. Wildman: I am not saying that.

Hon. F. S. Miller: Therefore, more students are employed and more work is done for the same dollars of government spending. Surely that is what government efficiency is all about.

Mr. Wildman: It seems to me you should pay the people who have the least experience less if you want to. If someone worked last year and is coming back to work this year—

Hon. F. S. Miller: There are mechanisms for covering that in certain circumstances. The deputy may be able to explain them better, but I believe if somebody was a qualified, experienced person taking a job, we had methods of paying them slightly differently.

Dr. Reynolds: That's quite right, and I think that perhaps explains it, Mr. Wildman.

I don't think I can add really anything much to what the minister has said. But the fact was we were allocated \$3.2 million less for B salaries, as we call them, this year. We had the option, before the government adopted the overall policy, of hiring \$3.2 million less of labour. That would have meant a great reduction in the number of people hired so we opted to go the 75 per cent route, and give more jobs to more people, rather than pay pretty high rates—and those were high rates.

Mr. Wildman: What did the OHIP freeze do to your hiring?

Hon. F. S. Miller: That's still not clear. I can only say if there was an error, it was paying \$5.14 for students in the past, not the present rate.

Mr. Wildman: Who are doing the same job.

Hon. F. S. Miller: We had in the past paid the same for students as for casual adult help, who were often earning their living by that route. At the current rate, compared to private enterprise, we are not underpaying students. That has to be the measure of whether we're paying fairly or not.

Mr. Wildman: Okay. Are any students being hired at this lower rate taking the jobs of adult casuals now being laid off?

Dr. Reynolds: No.

Hon. F. S. Miller: The deputy said no.

Mr. Wildman: I have information that six people are being laid off in the Sault Ste. Marie region in the fire protection organization. Twenty-seven students are going to be hired in the near future, some of whom will be doing the jobs that have been vacated by the six laid off. It's not a very good way to save money.

Mr. Chairman: We've run out of time on the estimates of the Ministry of Natural Resources.

Item 2 agreed to.

Vote 2404 agreed to.

Vote 2405 agreed to.

Mr. Chairman: That completes the estimates of the Ministry of Natural Resources.

Tomorrow morning the committee meets to consider the estimates of the Ministry of Agriculture and Food. at 10 a.m.

The committee adjourned at 10:47 p.m.

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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee

Ministry of Agriculture and Food Annual Report, 1976-77

Second Session, 31st Parliament

Wednesday, May 24, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, MAY 24, 1978

The committee met at 10:14 a.m.

MINISTRY OF AGRICULTURE AND FOOD ANNUAL REPORT, 1976-77

Mr. Chairman: We now have a quorum. Gentlemen and members of the committee, we are here to consider the March 31, 1977 annual report of the Ministry of Agriculture and Food. Before we go ahead, I would like the opinion of the members of the committee as to whether they want a rough or printed Hansard during these debates for the next six sessions. You can get the rough the next day but the printed will take a couple of days. What is the wish of the committee?

Mr. Riddell: We have a printed Hansard.

Mr. Chairman: You want a printed Hansard?

Mr. S. Smith: We want both, the rough the next day and the printed after that.

Mr. Chairman: That's the usual thing.

Mr. MacDonald: One to each caucus by way of rough.

Mr. S. Smith: Rough, yes.

Mr. Chairman: We have been getting that. We shall proceed then with a printed Hansard. Is everybody in favour? That's agreed or then.

We have a proposed schedule. At the steering committee the other night, we discussed the proposed schedule of witnesses to appear before the committee, starting from this morning until June 1. You have a copy of that proposed schedule.

There may be some changes made, depending on the availability of the people, the various supermarket executives and presidents and representatives from the various growers associations. You have the list before you. This morning the first witness to be called will be Mr. Peter Hannam of the Ontario Federation of Agriculture.

Hon. W. Newman: Mr. Chairman, just one quick thing, Mr. Wolfe of the Oshawa Group has phoned several people and asked if it would be possible for him to be rescheduled. He has a commitment on Thursday. He will come back from Halifax if necessary on Tuesday, or if you want to take him after May 31, their conference will

be over. By the way, I should say this is a national conference in Halifax. We tried to do this to accommodate him so that he could go down there, apparently. If he has to come, he has to come, but he has made a commitment.

Mr. MacDonald: What is his suggested alternative?

Hon. W. Newman: He would come back from Halifax on Tuesday.

Mr. J. A. Taylor: Some time after May 31 is what you are saying.

Hon. W. Newman: He would rather come back then, yes. I think that would be his choice.

An hon. member: What's wrong with that?

Mr. Chairman: Are there any further questions with regard to the proposed schedule?

Mr. S. Smith: There will be other people we might suggest whom it would be useful to hear from at some of these meetings, particularly from Loblaws. Although I am sure Mr. Nichol would be an excellent person to hear from. We would like to hear from a Mr. Lunau, who would apparently seem to be very knowledgeable in these matters, having set up schemes of this kind. I believe his title is vice-president of procurement services. We have certain other names at Loblaws we might want to hear from, but perhaps we could wait until we have heard from Mr. Nichol before discussing those. There are about four or five other people we would have in mind.

Hon. W. Newman: Mr. Chairman, may I make a suggestion? If you want to hear from others from Loblaws when the representative from Loblaws is here, if you have a list of those whom you want to hear from from Loblaws, maybe they could all be here at the same time so that we are not hearing one today and one some other day.

Mr. S. Smith: Mr. Chairman, would you agree to that, if we give you a list?

Mr. Chairman: Yes, if the members of the committee agree to that. Is that satisfactory?

Agreed to.

Mr. MacDonald: I think it might be useful to put on the record the decision that

was made by the steering committee yesterday to inform the public if any individual wants to come and make representations. The procedure that was adopted was to prepare a press release in the hope that Radio Noon would use it and that anybody who was interested in coming could so indicate.

Mr. Chairman: Is that satisfactory to the members of the committee?

Agreed to.

Mr. MacDonald: Before we proceed this morning, I have a motion I would like to put before you.

Mr. J. A. Taylor: Mr. Chairman, is that clarified?

Is Mr. Wolfe going to come after May 31?

Mr. Chairman: Right. We will be able to fit this in at his discretion.

Mr. J. A. Taylor: To accommodate him?

Mr. Chairman: Yes.

Mr. J. A. Taylor: That's fine, and presumably you will be receiving requests from members of the committee or the steering committee as to further witnesses you may wish to call?

Mr. Chairman: That is correct. We will be meeting again to finalize the schedule. This was just a proposed schedule drafted up yesterday by the members of the steering committee, and as I say, this is subject to change depending on the availability of the people that we have listed here.

Mr. J. A. Taylor: Then presumably the third determination by the committee is that an invitation be put out to the general public in order to ensure a balance, so that it's not a matter of hand-picking witnesses who may indicate a balance or prejudice one way or the other?

Mr. Chairman: The only problem we have here is the availability of time. We have only six meetings—

Mr. J. A. Taylor: I am not suggesting that, but it has been suggested and I want to know whether it's your intention to ensure that. Presumably if someone feels we are only hearing one side of the story, then surely we should accommodate the other side.

Mr. Chairman: That is true, yes.

Mr. S. Smith: Mr. Chairman, I want to make a clarifying statement, since I thought we were still on the scheduling matters, and then I would like to hear Mr. MacDonald's motion.

There are really two little matters that I wanted to take up briefly with the commit-

tee. One is, since we put the motion for this report to come before this committee, we put the petition as you know, Mr. Chairman. I wanted to clarify the reason for this, very briefly. That is, we are inclined to feel that such a meeting of the committee is not likely to answer all the questions that are involved but we are inclined to feel that a judicial inquiry of some kind where witnesses can come and testify in camera would be ultimately required. We know that that has already been suggested by Mr. MacDonald and I am inclined to feel that that probably is what is needed.

However, it's our feeling that neither the press nor the general public nor the government has at this time been convinced of the need for such an inquiry. We feel our job here will be to determine one way or the other whether there is or is not a need for such an inquiry, which would give people the opportunity to testify before a judge of some kind, in secret if necessary and under oath, and so we are trying to keep an open mind. I do confess that we are inclined toward the feeling that an inquiry will ultimately be required, but we will use this committee's six sittings as a way of judging the matter.

The second point I wondered if we could make is just one of clarification really, because the minister has repeatedly referred to volume discounting as something which is quite acceptable in law and in his view. I just wondered if he could define it, if it could be permitted a moment to just ask the minister this. There are situations, Mr. Minister, where because you are able to deliver a high volume of a product to one location, you achieve certain savings.

One could, for instance, take the delivery of milk as an example. Presumably delivering a higher volume to one store, let's say a chain store, Dominion for instance, would perhaps be cheaper to some extent than delivering the same quantity to maybe 10 independent grocers in an area. You have fewer trips to make, fewer invoices to send out, fewer doors to open and so on. Presumably under those circumstances volume would represent a certain saving inasmuch as it's cheaper to deal in bulk rather than in smaller quantities to a number of smaller stores. That's one definition of the volume discount.

The other definition, however, is one in which because only a very few stores control the entire retail market they could say to producer: "My friend, if you want to sell any volume, since we have got all the volume you give it to us at the price that we demand."

and under the circumstances that we demand." In other words, coercion. Do you make that distinction between the genuine savings that a producer or a shipper can give to a retailer because of bulk and because of volume versus a forced or coerced saving because of the fact that the retailer happens to control all the volume? Do you draw that distinction?

In other words, if you, Mr. Newman, just for the sake of an example were running an independent operation and the clerk beside you here was running a Dominion store and he bought larger bulk than you did in milk, it's reasonable I suppose that you'd expect to pay more than he for the milk per unit because you are smaller than he is. But may I ask you, how much more? How much more do you think would be represented by the difference in bulk by the fact that I might have to make more trips to stores your size than to his or perhaps have to stop my truck a little more often and so on?

What do you think is reasonable when you speak of volume discounts in milk? You are the Minister of Agriculture and Food. You know a lot about these things. What would you say would be reasonable in terms of milk is a volume discount—the real savings which could occur by selling in volume to him, the Dominion store rather than to you, the independent retailer?

Mr. J. A. Taylor: Before that's answered, just to clarify the question, is there not another element, one of merchandising? In other words, presumably a good merchandiser could create a market that might otherwise not be there at all.

Mr. S. Smith: He could probably convince people to drink milk, I suppose.

Mr. J. A. Taylor: Sure.

Mr. Deans: On a point of order, if I may, Mr. Chairman, I am sure we could hear each other's views of these things at any time. I thought perhaps it might be more useful if we heard the views of the witnesses and then we could pursue that matter at a later date.

Mr. Chairman: I was just going to suggest that, Mr. Deans.

Mr. Deans: We can exchange our own experiences among ourselves.

Mr. Chairman: I think we are wandering away from the original intent of this hearing and this was to call witnesses and to listen to the witnesses. These people have come here at our request. We shouldn't take up time discussing other matters which, as Mr. Deans pointed out, we can discuss later.

Mr. S. Smith: Mr. Chairman, the witness can wait five minutes. The minister has repeatedly said in the House that volume discounts are quite enough, are quite all right, are quite reasonable. I want to know what he means by volume discounts. That's what I want to know. I want to know what is a saving that can be achieved due to the delivery of milk in bulk to Dominion rather than to an independent? What does he consider to be a volume discount? Are we talking the same language?

Mr. Chairman: Do you want to answer the question?

Hon. W. Newman: I would be glad to, but it's up to you as chairman.

Mr. Riddell: If the minister is prepared to answer why not give him that opportunity?

Mr. Pope: Because we could be going on this all morning.

Mr. S. Smith: No, we won't go on all morning. I assured you it would be very brief. I want to know what he is talking about.

Mr. Chairman: We are getting out of order here. We are running all over the place and we are not getting anywhere.

Mr. J. A. Taylor: Is the minister appearing as a witness or giving evidence at some stage?

Mr. Chairman: Yes.

Mr. J. A. Taylor: Then maybe we could ask him then.

Mr. Chairman: What is the opinion of the members of the committee?

Mr. Riddell: The minister is obviously prepared to answer the question. It will take maybe two minutes. We'd just like to hear his answer and then we will carry on.

Mr. Pope: Mr. Chairman, I would like a ruling as to whether or not this is in order.

Mr. S. Smith: Of course it is in order. Any business is in order.

Mr. Pope: Then I would like to proceed along the lines of that discussion. Maybe I might want to ask you what you mean.

Mr. Chairman: This could go on all morning. We are not going to accomplish a thing.

Mr. S. Smith: To my mind, the issue of volume discount is absolutely essential. Whenever we have discussed this in the House the minister has taken refuge behind the concept of volume discounts. I want to know is he talking about the savings that come by delivery in bulk or is he talking about control of volume? That's the difference.

Hon. W. Newman: On a point of order, you make certain allegations that I was hiding behind certain things. If we are going to

get into a discussion here this morning, fair enough. I am quite prepared to get into discussion. The steering committee has made recommendations and I am prepared to answer any questions that are put to me by anyone here, but we have a procedure to follow in here and I will abide by the chairman's ruling.

Mr. Chairman: My ruling is that we stay with the schedule as the steering committee agreed upon yesterday and that any further discussion relating to the questioning of the minister can be done later on. I think we should hear our witnesses first and then we have plenty of time to discuss this later on. We've called on these people. We've imposed on them to appear here before this committee this morning, and here we are discussing among ourselves matters which are of no concern to the witnesses here at the present time. We are here to listen to the witnesses.

[10:30]

Mr. Yakabuski: Let us do the politicking later. The minister is always with you. Those witnesses are here today and tomorrow.

Mr. S. Smith: He could have given his answer in the time it took you to give the ruling.

Mr. Chairman: I think it takes a lot longer than that. It could go back and forth for another hour and we still wouldn't get anywhere. We had better stick to the agenda. Mr. MacDonald, I think you had a motion.

Mr. MacDonald: I would like to read my motion and I think we can deal with it rather quickly.

Mr. Chairman: Mr. MacDonald moves that this committee seek a Speaker's warrant to subpoena production from the Attorney General (Mr. McMurtry) of the information which was provided to him by the Ministry of Agriculture and Food regarding the two per cent discount practice of supermarkets upon which the Attorney General based his statement of May 18, 1978, concluding that such practice was not illegal; and that this information be provided for the meeting of the standing committee on resources development scheduled for 8 p.m. Thursday, May 25, 1978, namely, tomorrow evening.

Mr. MacDonald: Mr. Chairman, if I may speak very briefly to that, I think most members of the committee are familiar with the scenario. We sought this information on Thursday afternoon. Quite understandably, the minister said he didn't happen to have it with him and he would have to confer with his ministry. When we pressed

the matter, we still got no clarification or when we could get the information.

I privately approached the minister on Thursday afternoon and asked him if we could have it for that evening's meeting or the consideration of the estimates because I thought it was relevant. He said: "Let me check with my ministry. I will get back to you." Because of the fact that I had a commitment outside the House, I said: "Will you get back to the chairman of the committee by 8 p.m. on Thursday night?" He did not get back. We raised it yesterday. He still equivocates in terms of the information upon which he made this judgement. As chief law officer of the crown, clearly he must have had information upon which he came to a legal judgement.

We have tried now for three working days spread before and after a holiday, to get the information. I think the committee is entitled to it and that it is relevant. Passage of this motion will exercise the Speaker's warrant to see that the committee has it by tomorrow night.

Mr. Riddell: On a point of order. I don't ever recall the steering committee discussing this matter that Mr. MacDonald has just introduced. I don't see where it is any more relevant than the line of questioning that my leader put to the minister. If the minister is prepared, or if you are prepared to allow the minister, to answer a very simple question that was put to him, which we consider to be relevant, then we are prepared to deal with Mr. MacDonald's motion. We are certainly not going to deal with his motion as it is no more relevant than the question that my leader asked the minister just a minute or so ago.

Mr. Hennessy: The motion is on the table and you have to deal with it.

Mr. Chairman: Yes, we will deal with the motion.

Mr. Riddell: Maybe you had better check to see whether executive documents can be subpoenaed.

Mr. Hennessy: I find it a little odd in the committees that I have attended that Mr. MacDonald keeps on harping at this thing. It has been explained to him in more ways than one, but he comes back another way. He's like a bulldog that has got a piece of somebody's pants and won't let go.

Mr. Wildman: That's exactly right.

Mr. Hennessy: You said it, not me now. Don't get mad if we call you a bulldog. In all due respect, I just think it is repetitious. He seems to think he has this thing right.

in the back of his mind, that something is wrong. He wants to be the nightingale of his committee and to come out and try to unearth some sinister facts that he imagines are there.

Mr. MacDonald: On a point of order—

Mr. Hennessy: Quiet, son. In all due respect, the minister has tried to explain it to Mr. MacDonald time and time again and Mr. MacDonald won't take no for an answer. He wants to have a big judicial inquiry with all the drums and all the flags flying so that he can make a lot of mileage out of it and perhaps be proven wrong as usual. In the long run, he doesn't accomplish anything. He just creates a lot of chaos for nothing whatsoever. I can't see why he keeps on harping and harping at it when the minister has told him more than once what the problem was and explained everything to him, but he still doesn't understand it.

Mr. MacDonald: Mr. Chairman, on a point of order. I don't know which minister the member is referring to, but if he is referring to the Attorney General, the Attorney General has never explained it. He said he will table it at some point. My contention is the committee is entitled to that information.

As was pointed out by Mr. Nixon in the House, that statement of the legality dealt with three statutes and didn't touch the most important statute, namely, the Farm Products Grades and Sales Act. I think we should have that information.

Mr. J. A. Taylor: Maybe the committee should decide what information it requires and who has it and make the request as it would normally do.

Mr. Swart: Whether Mr. MacDonald's request here is repetitious or not—and it is—and whether he is trying to be a nightingale or not—and he isn't—it's important that this committee have that information. We may be called upon to determine whether we consider there was some illegal activity in this. For the purpose of determining that, we should have the information on which the Attorney General based his decision. I say it's absolutely essential that we have that information. This is not a question of putting opinions at this time; it's a question of procedure and what evidence this committee needs. We need that evidence to make the decision. Therefore, the motion is in order and it's a reasonable motion. The committee can't do its job fully unless we have that information.

Mr. Pope: Mr. Chairman, I would like to have a ruling from you on whether or not

that motion is in order on exactly the same grounds as Mr. Deans raised in a previous discussion as to the line of questioning that the Leader of the Opposition was bringing before this committee. My point of view is that this motion calls for the production of documents under a Speaker's warrant by May 25. We have scheduled meetings for May 24, 25, 30 and 31 and June 1.

As we agreed that after these meetings the minister would be available to answer questions that would be raised by the committee, that's the appropriate time for the committee, as was previously stated, to determine what information it needs and for these issues to be brought to the committee's attention. To use a Speaker's warrant when we haven't even discussed among ourselves what information we want is going to a little bit of excessive means. I think if the committee sits down to decide, on the basis of the evidence that it has heard, what documents it wants from the ministry, then we can have that discussion with the minister at the appropriate time.

In the meantime, we are keeping all these witnesses waiting. We should get on with the witnesses and hear what they have to say. If the opposition members want to get additional facts to back up the statements they have already made in the House, maybe they should use their own resources. In the meantime, we should hear the witnesses and then deal with the ministry.

Mr. Wildman: Surely the motion is in order. The suggestion made by the Liberal Agriculture and Food critic that there be sort of a deal, whereby if the minister answers a question that was put by the Leader of the Opposition we would deal with the motion, is hardly in order. Surely we should deal with this motion. It's on the floor and we should vote for it or against it.

Mr. Chairman: We've asked the Clerk of the House to check out the validity of the motion, Mr. Wildman, if you'll persevere with us for a few minutes while the clerk gets a ruling on it.

Mr. Riddell: In the meantime, Mr. Chairman, perhaps the minister could answer the question we put to him.

Mr. S. Smith: I cannot see why it's important to have a clarification of the Attorney General's statement any more than it's important to have a clarification of the meaning of the Minister of Agriculture and Food in this entire matter. He has day after day spoken in the House of the propriety of volume discounts; yet volume discounts can mean two very different and very separate

things. It's extremely important to know which one he meant. That is a clarification that is absolutely essential if we are to proceed at this time in the committee.

Did he mean the natural savings which accrue from buying in bulk or did he mean the sort of volume discount you can extract by coercion because you control all possibility of volume sale? That is the difference and it is a very large difference. To find out which one he meant, I am asking him to give us a number that he thinks is a reasonable discount for shipping milk, for instance, to independent grocers rather than to chain stores. What do you think an independent grocer ought to pay more for milk than a chain store in the same city from the same dairy to qualify as a volume discount, in the view of the minister with his many years of experience in these matters? That's a very important distinction which I wish to have clarified.

Mr. Chairman: I think we ruled that question out of order.

Mr. S. Smith: Your ruling was wrong, as far as I'm concerned, Mr. Chairman.

Mr. Chairman: Mr. Roberts, did you want to make some comments with regard to Loblaw's? Could you come up to the microphone?

Mr. Roberts: I did, Mr. Chairman, if I may. I simply request that there be some clarification as to when the witnesses are going to be called, in particular Mr. Nichol. Is it possible to clarify when Mr. Nichol might be required?

Mr. Chairman: I think Mr. Nichol was supposed to have been on standby this morning, is that correct?

Mr. Roberts: That is right. He was advised that it was not necessary for him to be here this morning. He is on standby and I will certainly arrange to have him here if that is the wish of the chair.

Mr. Chairman: I think we also have him on tomorrow night in the event that we won't have enough time today to hear Mr. Nichol. I think we could have Mr. Nichol on tomorrow night at 8 o'clock.

Mr. Roberts: Thank you very much.

Mr. Pope: Mr. Chairman, may we proceed with Mr. Hannam? Would Mr. MacDonald agree if we could just proceed with Mr. Hannam until we get a ruling on it?

Mr. MacDonald: I am interested in getting a ruling. I cleared this with the First Clerk Assistant when I drafted it yesterday.

Mr. Chairman: That is right. Mr. Richardson will be back in a few minutes.

Mr. MacDonald: Mr. Chairman, rather than waste time, let's proceed with our first witness.

Mr. Chairman: Here is Mr. Richardson now. I am told, gentlemen, that the motion is in order.

Those in favour of Mr. MacDonald's motion, please signify.

Those against the motion?

I declare the motion defeated.

Mr. Hannam: I am our first witness. Mr. Hannam, could you come up here? I guess we are running this like a court of law.

Mr. Peter Hannam, sworn.

Mr. Hannam: Mr. Chairman, may I bring legal counsel to the table this morning?

Mr. Chairman: Yes.

Mr. Hannam: I introduce Mr. James Murray, OFA director of properties and legal counsel for me. I appreciate this opportunity to appear before this committee on this important item. I do have a prepared statement, which I could distribute to the committee if you so wish.

Mr. Chairman: Please do, Mr. Hannam.

[10:45]

Mr. Hannam: Mr. Chairman, members of the committee: The subject of merchandising practices in the food industry currently being discussed by the resources development committee is one of great importance. Farmers, as well as all other consumers, have a stake in the outcome of these hearings. The prices farmers receive are public; the prices consumers have to pay are public. But what happens in between is unknown, confusing, and suspect. Surely the least we can expect is that all merchandising practices in the food industry be fair, honest, open and above-board.

The OFA has been concerned about merchandising practices, particularly at the retail level, for some time. A brief review of some already published material over the last 18 months will show why. I have a number of items that have already been published in the popular press which I would like to draw to your attention, not to bring up new material, but to bring it together and show there is a backlog of concern in this area.

The first is a copy of an item in the Kitchener-Waterloo Record in October 1976 in which one of the persons in the food industry claimed that food chains use bribes, blackmail and such practices in the food industry. That will be distributed to you as well.

Also in the same paper there is a quotation from Mr. Arnold Rands of Toronto, general manager of the Canadian Federation of Retail Grocers, when he spoke to the annual meeting of that organization. I will also distribute this but I want to quote two sentences to show you another of the reasons we are concerned.

I quote: "The prevailing norm of business day is not set by the majority, but by the powerful few. They dictate the rules by which the food game is played." Also in the article it says, "There is clear evidence that the more concentrated the food delivery business becomes, the less room there is for the farmers to offer a wide range of quality, the less power they have to bargain for higher prices, and the greater the disruptions become within the food industry." That too will be distributed so that you can see the entire article.

In 1977 the then president—do you wish me to delay until you have time to look at these, or will I briefly review these and you can peruse them later?

Mr. Chairman: Go ahead, Mr. Hannam.

Hon. W. Newman: Mr. Chairman, on a point of clarification: I have never been through one of these specific inquiries before, but are these logged as exhibits?

Mr. Chairman: Is it your wish that these be logged as exhibits?

Mr. Poole: I think if they are not used as exhibits but are attached to Mr. Hannam's prepared presentation as appendices, they will take their place properly. Is that satisfactory to you, Mr. Chairman?

Mr. Chairman: Yes.

Mr. Hannam: I would also point to a letter from the then president of the Grocery Products Manufacturers of Canada, written to the president of a major corporate chain, understand to Mr. Bolton of Dominion Stores.

This letter was revealed in the February 1977 edition of Canadian Grocer and outlines some concerns about the increasing pressure on suppliers by the chain stores. In brief, it is a long article that you can look at at your leisure. The title is "Manufacturers Complain to Chain," but I do want to point out three or four important sentences so that you can get the feeling of the concern in the grocery products industry.

First of all: "Pressures to increase such promotional allowance will be increasingly resisted by your major suppliers because of the view we hold that this is not the way to build healthy growth, either for manufacturers or retailers.

"Threats of delisting are an unhealthy expression of the competitive process, since your purpose as a retailer is clearly to build higher volume, and this is also entirely consistent with the objectives of your suppliers.

"The industry as a whole is under attack in some quarters because of the degrees of concentration. Policies which make it difficult for the smaller suppliers to comply will in the long run damage the competitive process."

Then there is another sentence in which he refers to the legal route which should be pursued. As background to this sentence, you should be aware that the law in the United States is different from in Canada. The volume discounts you've been hearing about in the United States have to be justified on the basis of cost saving. That's not the case in Canada. As I understand it, they merely have to be made available on an equal basis to all people.

Here is the sentence in which they refer to this: "We have to this date avoided the cost justification approach because of our conviction that Canada should not go the US route, but the increasing stress which the Canadian grocery retail trade is placing on promotional allowances will cause us to reconsider our position. We would also like to see a careful reappraisal of the refusal to sell and refusal to buy concepts in the law." I point that up also as one of the indications that caused us to be very concerned with what happens in the food manufacturing industry.

I would also like to quote from a brief which the Canadian Federation of Retail Grocers presented to Sidney Handleman, the previous Minister of Consumer and Commercial Relations. I don't have copies of that brief to distribute, but I'm sure that that would be available from the ministry. I will quote a few sentences: "The powerful continue to become more powerful and sooner or later they will not ask, they will tell. One of the chief complaints of the independent food merchant is his inability to buy on a competitive basis with the large operator. This is perhaps more on the basis of rebates than anything else."

Another handout is a column by Jim Romahn in the December 14 issue of the Kitchener-Waterloo Record, in which he gives an example of the corporate buying habits within one chain in the Kitchener area. One of the points he makes is: "If this current trend continues, and there is no evidence of an end in sight, we will end up with one large food conglomerate in Canada.

And if, at that stage, its goals continue to be ever-greater sales volume and profits, it will be a sad day indeed for Canadians."

That's a brief review of some of the historical data leading up to our concern. The current problem has intensified in the last month, as information brought to us indicates recent escalation in discounting practices and a growing concern among producers and food manufacturers for the future of the food industry. It's become apparent to us that those feelings expressed in those handouts are becoming more widespread.

The two per cent discount which has been discussed in these chambers is another manifestation of the problem. It is a symptom of the disease, not the disease itself. The very fact that two per cent was demanded and paid is evidence of a much deeper problem—excessive concentration of power in the food industry. That point is crucial in establishing the terms of reference for any inquiry into the food industry.

In addition to the published concerns in the appendices of this statement, information has come to us from several sources in the food manufacturing industry that widespread use of discounting and other questionable practices have escalated recently. Unfortunately, I cannot name names at this stage because there appears to be fear of reprisals and lost markets if anyone were quoted. I am sure that no member of this committee would wish to cause harm to individual producers or food manufacturers by putting their markets in jeopardy.

I do assure you, however, that all of the complaints I will mention were corroborated by more than one source, that the sources are highly placed individuals in progressive and efficient firms, that they embrace several sectors of the food industry and that they all indicated dismay at the direction the food industry is headed. The very fact that people refuse to be quoted is a disturbing reflection on the food industry and more reason to investigate what's happening.

These are the reasons that I was prompted to address this issue in a speech to the annual meeting of the Consumers' Association of Canada on May 12, 1978. I do have copies of that, if any of the committee members don't have a copy of that speech, which raises my concerns in that area. At that time, I outlined some of my concerns and called on the food industry to come forward and make public all of the merchandising practices in the food industry and I called on consumers to assist the OFA in addressing this issue. No response has been forthcoming

from either source. While my concerns are itemized in that May 12 speech, it is useful to summarize them here again.

One practice seems to be that some chains are forcing their suppliers to allow sizeable volume promotion and miscellaneous discounts as a condition of handling a product. These discounts can be much more than two per cent. In fact, it appears that in grocery products it has escalated up to 10 to 15 per cent.

I wish to draw your attention here to the term "grocery products," and I use that advisedly to differentiate between grocery products in a store and fresh produce, meat and poultry. The trade practices appear to be different for those different products, and any product that can have a brand name put on it seems to be treated differently in the food industry than fresh produce. The two per cent discounts are common in the meat, poultry, fruit and vegetable area, but when you get into name products, the trade practices are quite different and the volume and other discounts are quite sizeable. For example, in some chains canned hams are labelled as grocery and not meat and there's a distinction there.

My cause for concern is when these discounts become larger than can be justified by cost savings, when they are demanded by the purchaser as a condition of sale rather than being offered by the vendor as a standard price policy, and when they are implemented not by a reduction of the invoice price but are separate rebate cheques forwarded to sister companies elsewhere in the corporate empire. Those areas concern me greatly.

At this point I had anticipated having a copy of a document which would show exactly what some of these discounts are and have been paid by one particular food manufacturer in Ontario. We had hoped to get that information, but as recently as an hour ago we were refused the right to copy that even with the name and the dollar figures blocked out, because they heard it was a public inquiry and this could be made public. Even with the discounts down to percentage points, they were very fearful it could be traced, and expressed the feeling that this was not the appropriate form in which they would allow that type of information to be revealed. I was disappointed in that, but I think it's a reflection of the feeling in the food industry.

Another practice is the co-operative advertising policy of some food chains where by suppliers contribute to advertising cost of the retailer for having their products ad-

vertised. Our sources indicate that in some instances, the practice is quite reasonable. A small contribution gets your product advertised. But at times a chain may well be receiving many more times the cost of a particular advertisement from its suppliers.

A growing trend in some grocery products also seems to be a listing fee, whereby a food manufacturer may have to spend several thousand dollars just for the right to sell a product in a supermarket. Apparently that ranges from \$5,000 to \$25,000.

As a matter of interest, the same day I was speaking to the consumers in Barrie, the Vancouver Sun made the very same charges I was making about the food industry in BC. It said in the Vancouver Sun: "The deals involved stores demanding what amounts to kickbacks from manufacturers and food processors for a variety of reasons. Without kickbacks, the stores refuse to carry the manufacturers' products. The stores coerce manufacturers and processors into giving discounts, contributing to store advertising, and, in some cases, paying cash to list a product and offer it for sale. These extra costs one way or another are passed on to the consumer." This is in the May 12 edition of the Vancouver Sun.

Three days later on the following Monday, the BC Minister of Consumer and Corporate Affairs launched an investigation into the supermarket practices as a result of that charge. On the question of whether or not these practices raise the cost of food, I would refer you to—and I don't have copies of this—the Mallen report, a study commissioned by the Food Prices Review Board, in which they flatly say that the concentration of power does increase food prices and they estimate that it increases the price of a food on a national basis by about four per cent. I'm sure there are copies of that available to the committee as well.

[11:00]

The important issue, however, in today's discussion is not whether these practices are legal or illegal, it's the question of what impact they are having on the food industry. Indeed, depending on how they are implemented they could all be quite legal under current Canadian and Ontario law. The pertinent question is what are the economic and social consequences of these practices? For the sake of brevity, I will list my concerns in point form to show cause why they should be investigated.

1. These practices accelerate the movement of concentration of power into a few hands. The success and growth of super-

market chains may be based not so much on their efficiency as on their ability to get suppliers to sell to them at lower prices and to pay discounts and advertising levies as well.

In order to be able to pay large discounts or kickbacks to larger purchasers, a food manufacturer has to raise his posted wholesale price so that, on average, he is surviving. Because he has to treat everyone alike, the little guy—and that includes not just independents, but smaller chains—who buys from him has to pay that escalated wholesale price. The small retailer is weakened and can be either forced out of business or bought out by a larger chain.

The same effect is being felt at the processing level. As discounts increase, then only the large firms with a high turnover can comply. It makes life difficult for small food manufacturers and virtually prevents new firms from entering the industry. This corporate power begets more power over suppliers and producers and consumers and it is not subject to any public scrutiny.

According to Canadian Grocer, the federal government revealed in 1977 that in the two-year period alone, 1971 to 1973, the largest wholesalers in the business just about doubled their share of the total market. The four largest increased from 36.5 per cent to 73.5 per cent of the total market share.

2. Concentration of power in a few conglomerates has a distinct potential for higher food costs. As I reported, the Mallen report indicated that would be about four per cent. That was back in 1976.

3. There is a growing threat of disruptions in the food industry by the increasing concentration of power. As a few firms control larger portions of the market and as they tend to switch to suppliers owned by the same corporate chain, then changes in purchasing policies can cause upheavals and uncertainties.

Producers' production plans, for example, can be greatly upset if one chain decides to import chicken or beans or peaches. Even changing to different processors or wholesalers within Ontario can create upheaval in supply and distribution patterns of food. The source of concern, again, is the large impact that any one decision can have.

4. There is a distinct potential that excessive discounting practices in Ontario are harming our export of processed food items—and you know how dear that topic is to me. As I indicated earlier, in order to take off large discounts wholesale prices have to be raised. Under anti-dumping rules, however,

a Canadian firm cannot sell into the US at a lower price than the product sells for here. Therefore, our firms are put at a competitive disadvantage by having to charge an artificially high price in the US market, where discounting is much more strictly regulated and controlled at lower levels.

5. Another implication of increasing concentration of power in the food industry is that bigger retailing firms and bigger processing firms will, as a matter of self-defence, lead to bigger labour unions and bigger marketing boards. It is very clear, for example, that in the last five or 10 years marketing boards have had to increase their power and size in order to fulfil their objectives. These trends by labour unions, marketing boards, and even smaller retailers joining larger consortia to survive will continue as long as corporate concentration continues. I think it's fair to say that most farmers abhor this trend but will be forced into larger power blocs, as I say, because of self-defence in the market place.

6. The reduction of choice that consumers have in the market place is also inevitable with current trends. On May 12, I used the example of roaster chickens being requested by consumers, being in surplus at the processors, but not available on the retail shelves.

As you can see, my concerns are varied and serious. The whole area of merchandising practices between the producer and consumer needs investigation and public exposure. I'm not familiar with all of the technical considerations and effectiveness of the various kinds of investigative structures available to you, but I would offer these suggestions to guide you in how to proceed from here.

First of all, it would be advisable that the scope of an investigation be broad enough to get to the root of the problem. The issue is not just whether the merchandising practices are legal or illegal; it's more an issue of the magnitude and extent of various discounting practices and the implication they have for the food industry. It is not primarily an investigation of two per cent discounts by fruit and vegetable producers. It is the economic and social consequences of all merchandising practices in the food industry.

Second, any investigation should be empowered to take evidence in camera. Otherwise, as I have personally found out, it may be difficult to get pertinent information from those in the food chain who are affected

most. If such a provision is made, I assure you that I will do everything I can to encourage our sources to come forward and testify. In-camera sessions are not as desirable as full public disclosure but, under the circumstances, may be most practical.

I also suggest it would be useful for any investigative body to be able to compare merchandising practices in other jurisdictions, particularly in the US, with those in Ontario. Concentration of power in the US has not reached the same level as it has in Canada and discounting practices appear to be tightly controlled both by law and by competition.

In conclusion, I submit that there are a great many questions to be answered, and farmers want these answers to be found. Perhaps a down-to-earth example will drive home the point. In the OFA farm price index for April, of which I believe you have a copy, we noted the retail markups on several food products. Retail markups, for example, on US-grown lettuce were not very large but the markups on a variety of storable Canadian produce, potatoes, onions and carrots, specifically, ranged from 98 per cent to 269 per cent.

I can't imagine that it could cost more to bring a bag of vegetables in one door of a supermarket, set it on a shelf for a day or so and check it out another door than it does to take a whole growing season, complete with the labour, fertilizer, pest controls and everything else that's required to produce it.

Thank you very much for this opportunity to express my concerns to you.

Mr. Chairman: Thank you, Mr. Hannam. Are there any questions from the members of the committee?

Mr. S. Smith: Mr. Hannam, you mentioned in your presentation the fact that fear seems to be prevalent in the industry; people don't want to come forward. Could you give us some indication as to whether you yourself are in possession of information that you could give to a judicial investigation in camera or whether it would be necessary for these other sources to come forward with the information?

In other words, should a judicial investigation result from this committee hearing, would you be in a position to present information to, let's say, the judge who would be in charge of it?

Mr. Hannam: I would think the most appropriate means of getting that information would be first hand, because anything that I have would be second hand. Our sources have verbally given us this information. I

would point out that in some of those papers I distributed there are a number of hints and suggestions. There are people quoted there. There are authors of articles who have very strong views on this. They would be in a closer position to be able to testify before this committee or a subsequent inquiry.

Mr. S. Smith: If I might just follow this up, with respect to the people who gave you the information, is it your feeling that they would themselves come forward in an in-camera investigation? Do you have some indication from them that they would be willing to testify or would they even shy away from that particular situation?

Mr. Hannam: I think probably that they would come forward and testify in camera. They were adamant in refusal to testify in public, but it would be my feeling that they would be prepared to come and testify if there was an in-camera session and they could not be identified.

Mr. S. Smith: Could you give us some indication of numbers? I realize the time has been short, but in the time that you have been talking to people how many different instances are you likely to be talking about that have come to your personal attention?

Mr. Hannam: Very specific and detailed information from several sources, from four or five knowledgeable individuals and additional information by way of press and other written articles expand that list quite sizably. I would suggest that most people involved in the independent processing or independent retail grocers are very familiar with what's happening. There could be a very large group in that sector who know what's going on and would be excellent witnesses to testify first hand.

Mr. S. Smith: Have you ever mentioned to the Minister of Agriculture and Food your concerns in this regard or has anybody from the organization ever done that?

Mr. Hannam: In our brief to cabinet a month ago, we asked the Ontario government to do a study of the food processing industry. We raised fears that the processing industry was in trouble. In fact, many processors were leaving Ontario, and we raised concerns that that was reducing farmers' markets and reducing consumer choices. It didn't specifically mention this particular item, but I now feel that this has a major impact on what is happening in the processing field. Other than that, we have not mentioned it directly.

I got called before we had developed the information to the point and with the docu-

mentation that we would have preferred to have.

Mr. S. Smith: I just have one last thing. Maybe you can help us with the matter the minister refused to answer earlier.

Hon. W. Newman: Mr. Chairman, on a point of order: Let's get this record straight here today. I did not refuse. The chairman made a ruling.

Mr. Chairman: That's correct.

Hon. W. Newman: Let's make sure we keep the record straight here.

Mr. S. Smith: I see. The Chairman prevented you from answering a simple question.

Hon. W. Newman: He made a ruling.

Mr. S. Smith: Let's deal, Mr. Hannam, with the question that the Chairman prevented the minister from answering a little earlier. Is it your understanding that there are some savings that would occur genuinely from selling in volume or in bulk to a large chain store, for instance, rather than to a series of smaller independents, let's say, in the delivery of three-quart jugs of milk for an example? Would you say there are some savings?

Mr. Hannam: Yes, there are definitely savings to a certain point. All of our sources indicated surprise at the amount of discounts that were demanded and that they were indeed beyond the point of cost justification.

I suppose an example that I could quote would be from my own business. When I sell corn to other farmers, if I sell a 100-pound sack, then that costs me more and I charge a higher rate for that 100-pound sack than I do for a truckload. But when you get to the point of two, three or four truckloads, there is not significant cost savings in that over one truckload. I think the same applies in dealings between smaller chains and larger chains. There is a cost saving up to a point, up to a truckload size order, for example, that may be quite significant, but beyond that it's merely a matter of saving a few invoices and there is a limit to the cost savings that can be justified.

Mr. S. Smith: Do you have any idea of what would be a reasonable estimate of cost savings for the delivery of milk, for instance, to a smallish independent grocer as opposed to a large chainstore?

Mr. Hannam: No, I haven't investigated that, but I would think that would be one of the things that any investigation should try to find out.

Mr. S. Smith: Has anybody actually shown you kickback cheques that they have sent to various companies?

Mr. Hannam: Not the cheques, but OFA people have seen computer printouts and information which did divulge the volume discounts and other merchandising discounts, which added up to the range that I was talking about of 10 to 15 per cent. In fact, recent examples have been above 15 per cent when you add up the volume discount, the advertising discounts and the various discounts demanded.

Mr. S. Smith: With regard to the advertising discounts, have you yourself seen an analysis of an advertisement, for instance, a full-page ad, indicating a return to the chain store as compared to the actual cost of the ad?

Mr. Hannam: No. We have information from individual food processors who did take part in that, and extrapolating from their share would lead to that conclusion.

[11:15]

Mr. S. Smith: Can you give us any of that information without naming the processors, just the amounts of money that's involved? Can you tell us what the processor was required to provide for how much advertising?

Mr. Hannam: As I indicated in my prepared speech, there was a range and in some cases they felt it was quite reasonable if a small discount off would get your product advertised. In other cases this was considerably higher. I can't recall the exact figure that was mentioned, but it was in the neighbourhood of \$5,000 for a small portion of a full-page ad. The total ad may cost \$10,000.

Mr. S. Smith: So this is an instance where the total ad would cost \$10,000 and the supplier was requested, and in some manner or other actually paid, the equivalent of \$5,000, and yet his product was only in a relatively small portion of the ad?

Mr. Hannam: That's right.

Mr. S. Smith: Presumably if there were a number of ads of that kind on a page, one could make a profit by putting such ads in the paper.

Mr. Hannam: Yes.

Mr. S. Smith: I see. What about the listing fee that you mentioned? Can you tell us how that works?

Mr. Hannam: Not in detail. There appear to be various practices. Some chains apparently ask that this be up-front money, that in order to get a new product on a shelf there has to be a down payment, a risk fee, and the figures we had quoted to us were from \$5,000 to \$25,000.

In other cases that money can be paid as a percentage off the product over a period of

time totalling up to that amount of dollars. There appear to be various practices, again unclear and no definite pattern, but it's a practice which is quite bothersome to me in terms of new people being able to afford that to get new products on the shelf.

Mr. S. Smith: That's just for new products. Have you ever heard of a practice whereby a producer or a supplier would have to pay a listing fee just to continue on the list that a chain store is willing to buy from, or a local branch of a chain store, for instance, which may buy produce direct from some of the local farmers, for the farmers to be on that list of approved sellers? Have you ever heard of having to pay a fee in order to be on just the good list that you're allowed to buy from?

Mr. Hannam: I have heard that, but we have no information that it has taken place.

Mr. S. Smith: Has anybody come forward to you with evidence of a practice whereby the discount has actually reduced the return to the producer below the marketing board floor price; they invoice at a marketing board floor price, but by the time they pay the kick-back or have the discount taken they're below that floor? Has that ever occurred, as far as you know?

Mr. Hannam: No.

Mr. S. Smith: You're not aware of it?

Mr. Hannam: I'm not aware of that personally.

Mr. S. Smith: Do you know of any instances where, to avoid that, the individual producer has actually increased at the request of the chain the invoice price so that once the discount is taken the price comes back down to the floor that is allowed by the marketing board? Have you ever heard of that?

Mr. Hannam: Yes, I have heard about that but from the same sources that this Legislative Assembly was made aware of it. That's the only place that I've heard of that.

Mr. S. Smith: What would be the net effect of that, do you suppose, to the consumer?

Mr. Hannam: That would be speculative. It could or it could not increase the price of food. What concerns me there is the practice of sending that discount to a sister company, and what impact that has or whatever reason that is done, I'm not aware, but it does leave several questions in my mind as to why it's done.

Mr. S. Smith: We may have some more questions later, Mr. Chairman.

Hon. W. Newman: Just one very quick question to Mr. Hannam: You mentioned that

ou did ask the government to look into the processing industry, and it's quite true. Do ou believe, as I believe and as we've both een talking about for the last two years, that a great deal of bearing on the processing industry in this province is contingent upon ne tariff reference 152 and some implementation of that, because of the great inequities a the tariff structure we have on agricultural products here in Canada, and especially in Ontario?

Mr. Hannam: Yes, I think that's very true a the fruit and vegetable case. We see alarm a other processing fields as well. I'm not ure—and this is why we asked for a study o be done—whether it's other costs in the Canadian picture, merchandising practices, or whatever else is causing it, but I'm alarmed t the trends in the processing industry in Ontario.

Hon. W. Newman: One other quick question. You mentioned in your brief, I believe ere on page two, "In fact, it appears that a grocery products it has escalated 10 to 15 er cent." It's a common practice, especially a perishable commodities where you get a ackup of cucumbers or greenhouse tomatoes r fresh peaches or fresh grapes or something, hat the board itself will reduce the price or iscount by 10 per cent in order to move the acklog of products. For instance, if cucum- ers are selling for 50 cents a piece, and they educed them by a nickel a piece in order o move them, that would be a 10 per cent iscount. That's a fairly common practice, is : not?

Mr. Hannam: Yes. I drew a distinction in ay terminology between "grocery products" nd fresh or perishable food products. These grocery products are non-perishable. They're anned fruits and vegetables, canned meats nd other grocery items, as in the jargon of etail outlets. Here I was not referring specifically to fresh produce. There can be arrangements between producers and whole- alers and retailers where a particular product as to be moved and it could be priced lower n order to move it. But this is a completely ifferent concept here, and as I indicate in he next paragraph, it's some of my concern, hen it gets to these stages.

Hon. W. Newman: You said it was de- manded. Have you reason to believe or do ou have evidence that it was demanded?

Mr. Hannam: Yes. We were rather surprised when the first bit of specific information came to us. We didn't take their word or it. We went to other suppliers to get heir story and they told us the very same hing and had the very same concerns.

Hon. W. Newman: That was actually de- manded, eh?

Mr. Hannam: Yes. That's why, even with- out the documented evidence, which I felt would've been better, I could not morally sit back and do nothing. That's what prompted me to raise it at the consumers' association meeting and call for more information to be brought forward.

Mr. MacDonald: Just for the record, it is true that many of these things have not been brought in full detail by OFA and others to the minister, but the Hansard record will indicate that for four years I've been raising these issues.

Periodically OFA and other farm organiza- tions have come in, for example, on such things as loss leaders, and investigations have been made, but neither the government nor the food council, which has something of a role in this area—I'm never too clear as to exactly what its role is, either by initiating or in responding to some request—has responded and now we suddenly find out what has been going on for years is a matter of concern.

For example, I was very interested in Mr. Riddell's comment the other day that 15 years ago he knew of a man from Campbell's Soups who went into a supermarket and found his products were on the back shelf. He said, "How come we're being shoved to the back shelf?" and the reply was, "Are you willing to provide a discount or pay some advance price?" If you weren't, the supermarket comment was, "Others are." That was 15 years ago.

In short, what you've got here is—whether illegal or not, I don't know; that's the state of our law—is fantastically questionable trade practices. We've got, in certain sections of our law, general stipulations with regard to bad trade practices.

However, let me get down to one or two specifics. I must say, while I appreciate, Mr. Hannam, your designation of the areas of concern, and I appreciate you were giving second-hand information and we at least can make a start in this committee by getting to some of those who have the first-hand information, the thing that concerned me most was your account of the state of terror in the industry, even to the point of saying that it is likely they could not and would not come forward if there were a public inquiry with all the protections of a public inquiry.

When we have had investigations in this country into organized crime, where we are told that if you squeal you will be shot or you will suddenly find yourself in the Niagara

River with cement boots or something of that nature, I find it really astounding that the condition has reached a point where in the agriculture and food industry people are not willing to come forward unless we have to have an in-camera session. There is a bad situation that should be exposed and yet it must be done behind closed doors.

Is this total to the point, for example, that you don't have anybody at all, not a single person, whom you could publicly or privately indicate to us is willing to come and testify as to these practices?

Mr. Hannam: First of all, I want to comment on your first statement. I hope I did not imply that these threats of reprisals were physical threats against anyone's life or health or danger. The reprisals and fear are that you would get your product delisted and lose that market and, with the muscle of that particular buyer, this would be economic harakiri for you. That is the kind of fear the industry is under. It also surprises me.

I cannot, at this point, name individuals who would be able to come forward in a public inquiry. But as I indicated earlier, there are a number in these documents which I handed out. There are sources there who have spoken out publicly and they might be useful ones for the committee to approach to get their opinion first-hand.

Mr. MacDonald: My next question, perhaps to our counsel, is that if you have a public inquiry such as this, which is one stage of a full public inquiry, and people are under oath, are they not sufficiently protected that they can be assured they are not going to be the victims for reprisals?

Mr. Poole: I don't know that I can answer that question to your satisfaction, Mr. MacDonald. Certainly it is their duty if they are subpoenaed to come forward and tell the truth.

Mr. MacDonald: The whole truth?

Mr. Poole: Yes. If they don't they are subject to a charge of perjury. I don't know about reprisals. I never protect anybody from reprisals at any time. I suppose the answer would be, make your society a little more civilized and you won't have the problem. How you do that I don't know.

Mr. MacDonald: Need it be met by a firm declaration of government policy that if any reprisals are taken the government is going to move with great vigour?

Mr. S. Smith: With what instrument?

Hon. W. Newman: What do you mean by "reprisals."

Mr. Poole: He means economic reprisals.

Mr. MacDonald: Right.

Mr. Poole: I don't know the answer to that question. I should have thought that adequate publicity in the newspapers and on the television would be sufficient to prevent people from offending against the mores of society, but I might be naive on that. I question whether any threat by any government will have any effect. I think your opinion might be better than mine. At least, if I might say, in my experience in about the last 18 months when you and I differ in anything, you usually seem to be right and I seem to be wrong.

Mr. MacDonald: We are into freedom of information here. Let me come back to the witness. It was indicated earlier that a general notice is going to go out, hopefully, over Radio Noon which reaches more people in the agricultural community than anywhere else with regard to an invitation to come and testify. Is it possible that it could be privately indicated to people you know that this is an avenue for them to come and that, hopefully, they would feel sufficiently protected to be able to provide us with the hard facts rather than secondary information which is just delineating areas of concern?

[11:30]

Mr. Hannam: I can go back to sources and see what their reaction would be. Or, I can go over our files and perhaps come up with names of people we haven't contacted or go over some of the myriad press clippings here and find people who were concerned in the past, who may be fed up enough with the system to come forward. But I can't guarantee that at this point.

Mr. MacDonald: Well thanks, fair enough on that.

Let me move to a second area. You were talking about the consequences of this to the producer. The minister has assured us on many occasions that the producer is not losing because—at least in a regulated product—there is a certain price he is going to get. Surely these extra costs are being passed on to the consumer, would you agree?

Mr. Hannam: Particularly by some segments of the food industry, and this is what causes the problem. If a large discount is allowed for one supplier this automatically raises the price to smaller chains and to independents, and it certainly raises their costs and the price of food to the consumer. It is that impact on the food industry that I am concerned about.

I should also comment on one of your previous statements about information going out over Radio Noon. I really don't think the

farming community is the one that will come forward with hard evidence.

As I indicated this morning the two per cent kickback is a symptom, but the people who deal in the food industry, the food processing, the sales, and the retailing end of it, are the ones who know on a day-to-day basis what is going on and they are the ones who will have the hard data which would be of use to this committee or any subsequent inquiry.

Mr. MacDonald: You are suggesting they don't necessarily listen to Radio Noon?

Mr. Hannam: Yes, I am suggesting that Radio Noon, while in my books it is primarily listened to by farmers, I may be wrong on that.

Mr. MacDonald: Let me put this into perspective. You quoted the Mallen report, which is perhaps the most detailed study that has been done in concentration on the food industry, and the fact that that meant to consumers, in their estimate from an authoritative examination of the situation, a four per cent increase.

I think the committee should note that a four per cent increase, a four per cent excess in charge, on the food bill in the province of Ontario when the Mallen report came out amounted to \$250 million. That is what it means. So, whether directly to the supermarkets or into one of the sister companies in their chain, or something of that nature, according to the Mallen report, the consumer is paying somewhere in the range of \$200 million to \$250 million more than need be, and that whole process is built in.

There are so many of these things one could question for a long time and we haven't got the time to do it now. And maybe the best place to question it is when we get some of the other witnesses before us. We can get details from them. But there were just one or two that I wanted to clarify.

When you referred to the \$5,000 to \$25,000 listing fees, is that normally in your perception of the situation a one-shot affair, or is that an annual affair?

Mr. Hannam: In my estimation that size of fee is a one-shot affair to get new products on the shelf.

Mr. MacDonald: What about the process, for example, of discounts or payments that have to be made, not only on volume, but, for example, to have your product put at the end of the shelf in the supermarket where it is more visible and likely to catch the eye of the purchaser? Is that a one-shot affair or is that a continuing affair?

Mr. Hannam: I don't have specific information on how that is carried on except that it is a sporadic affair. The impression I get is, there are a number of these discounts, and this is why I refer to volume and miscellaneous discounts. There are volume discounts of an individual product. There are volume discounts, in addition, depending on the total volume of business a supplier would do with all of the chain. There are merchandising discounts. You may have to allow one free case for every 10 that's sold or something like that at particular times of the year to coincide with in-store advertising. There seem to be so many practices and they're so confusing that this is one of my areas of concern. Why not make all of those things open, public and above board? If people can't compete on that basis, then they should be questioned.

Mr. MacDonald: The listing of a discount or a rebate or whatever it is for having a product put at the end of an aisle for the possibility of maximizing sales surely must be a short-term thing because it's not going to be there forever. So they must pay a certain amount for six weeks or—

Mr. Hannam: Each time it happens.

Mr. MacDonald: —two months or each time it happens.

Mr. Hannam: That's the impression I get.

Mr. MacDonald: My final question is with regard to the volume discounts. I have some difficulty in trying to keep clear in my mind how this operates, particularly with a regulated product. For example, Dr. Smith two or three times this morning cited milk and what discount a large supermarket might get as compared with an independent grocer who would have limited purchases. If that regulated product is being sold at a fixed price, how do you work discounts in on that?

Mr. Hannam: It's only being sold at a fixed price at the producer level. It's not regulated in the rest of the chain. What happens in negotiations between the dairies, the processors and the various retail outlets is that they negotiate what kind of discounts and allowances are demanded or deemed to be necessary for various amounts that are sold.

Mr. MacDonald: In other words, you have a fixed price between the milk marketing board and the dairy but there's free scope of bargaining, so to speak, between the dairy and any one of the supermarkets.

Mr. Hannam: Yes.

Mr. MacDonald: That will do for the moment.

Mr. Pope: There are two statements that you make on the first page of your brief, both of which are similar. It's the third paragraph starting with "The OFA has been concerned." The fourth line says: "... as information brought to us indicates recent escalation in discounting practices . . ." The last two lines of the page say: "... widespread use of discounting and other questionable practices have escalated recently." I would like to ask you if you can indicate to us in what way these practices have escalated.

Mr. Hannam: Our sources indicate the amount of discounts being demanded has increased. Instead of being two per cent, they are escalating in amount over the last year and getting up into the 10 to 15 per cent. The listing fees are going up. The co-operative advertising payouts are increasing. That's what I meant by escalation.

Mr. Pope: It's the amount of discounts. Is that on every type of discount?

Mr. Hannam: There are so many types of discounts that I can't be sure of that. On the ones I mentioned—the listing, the volume discounts and the promotional payouts—they are increasing.

Mr. Pope: How much has the volume discount been increasing?

Mr. Hannam: Again, I don't have historical data on that, other than it has got up into 10 to 15 per cent. Recent examples indicate it is higher than 15 per cent now. I don't know what it used to be.

Mr. Pope: You say it's escalating. I assume you have a base. What was your base for comparison?

Mr. Hannam: Our base for comparison was that the sources of information told us these were escalating. Since they were corroborated by several sources and they are reliable people, we assume they are right.

Mr. Pope: You don't know the degree to which they are escalating, just that you have received word that they are escalating.

Mr. Hannam: Yes.

Mr. Pope: How about the listing fee? You indicated previously, in answer I believe to Dr. Smith, that you had no information about the listing fee yet. Do you have any information as to the escalation of the listing fee which I think Dr. Smith was trying to get at? Secondly, do you know how widespread it is and what the increase in the percentage discount for listing fees has been?

Mr. Hannam: Again, we have no historical data to pinpoint that.

Mr. Pope: Do you know what the listing fee percentage would be right now from information that you received?

Mr. Hannam: As I see it, it is not a definite percentage set on an upfront fee and the range of figures is from \$5,000 to \$25,000.

Mr. Pope: That was the one-shot fee that you just discussed?

Mr. Hannam: Yes.

Mr. Pope: How about the advertising discount? Have you any information on how it has increased?

Mr. Hannam: No. I indicated in the statement that there is a range from what some of our sources said was very reasonable and not objectionable to the point that it seemed very high. Again, that data is very scanty.

Mr. Pope: The basis of the statement about escalation is complaints you have had about the volume rebates escalating to in excess of 10 to 15 per cent? How many complaints—I am not going to get into the source or anything else—have you had?

Mr. Hannam: I indicated earlier, four or five specific complaints.

Mr. Pope: At the bottom of page two in that last paragraph, "My cause for concern is when these discounts become larger than can be justified by cost savings." Can you indicate what you mean by "cost savings"?

Mr. Hannam: My answer to that was my answer to Dr. Smith. I am not sure of exactly what the cost saving would be on any particular commodity or what amount would be required but it was the feeling of our sources that the larger chains were demanding more discounts than could be justified on the basis of cost.

Mr. Pope: Do you object to a volume discount system itself or are you objecting to an increase in it?

Mr. Hannam: I am pointing out the fact that there appear to be excessive levels of volume discounting, and they are not in fact related to the volume but are related to the muscle power, the market power an individual retailer may have.

Mr. Pope: Are you opposed to loss-leader arrangements?

Mr. Hannam: There are times when what you might call a loss leader, and the definition of that may be unclear, can assist in moving a particular product that is surplus and everybody through the food chain co-operates in moving that out rather than having it rot. I object to loss leaders when they are being used, as there was some indi-

cation a year ago, to upset the market and the production of particular farm items.

Mr. Pope: One other item you mentioned, and it has been discussed previously, is the advertising contribution. Do you have any breakdown or any information as to the number of times, or perhaps on a percentage basis, that the advertising contribution paid exceeds what you consider to be the cost of the advertising or the value received for the advertising?

Mr. Hannam: No. The resources in a farm organization are very limited. In order to establish how many times this happens and to what extent it happens throughout the food chain is an enormous task. All we have been going on is the number of expressions of concern by various people in the food industry. From that relatively small sample, I can't indicate exactly how many suppliers take part, how many object to it or how many feel it is all right. I assume there are, as I indicated, all shades of opinion depending on the particular product or commodity in chain stores.

Mr. Pope: Maybe I can get at it in this way. How many complaints have you had about the advertising contribution?

Mr. Hannam: I cannot pinpoint that precisely.

Mr. Pope: Can you tell me whether the listing fee is paid to the retailer or to the wholesaler?

Mr. Hannam: The listing fee is a condition of sale imposed by the retailer. The wholesaler pays that listing fee to the retailer or to an associated company in the retail chain.

[11:45]

Mr. Pope: So any retailer who may have a supply contract for the wholesaler wouldn't be affected by that?

Mr. Hannam: He may be affected by that before the contract is signed.

Mr. Pope: Okay, but not after. On the bottom of page three, you mention in the last paragraph, "In order to be able to pay large discounts or kickbacks to larger purchasers, a food manufacturer has to raise his posted wholesale price." Could you tell me what information you have as to the amount by which posted wholesale prices have been increased because of the discount or kickback practice?

Mr. Murray: With respect, I believe Mr. Hannam has answered these questions or similar ones to the best of his ability. He has indicated what information he has. He has come forward, I don't see that line of

questioning is going to be very helpful to the committee in this regard.

Mr. Pope: I appreciate your comment but what we are trying to establish is the magnitude of the problem and whether or not the magnitude of the problem, the number of complaints, and the number of specific instances in which individuals are engaging in these practices, might warrant a judicial inquiry of the entire industry. I am just trying to establish the extent of the problem. The problem has been quite properly raised to the public's attention by the OFA and I would like to know what the size of the problem is. I am not necessarily asking you for a breakdown of every food item; that would be ridiculous. What I am trying to do is get your feelings on what you consider to be the extent of the problem.

Mr. Hannam: On this particular question of raising wholesale prices, there is no use their being in business unless they can survive and make a profit, so they would have to raise their wholesale prices beyond their costs in proportion to the amount of discount demanded by the largest chain. If that discount is 11 per cent, they would have to take their costs at what they think is a reasonable profit and escalate that by 11 per cent in order to get their posted wholesale price so that they can give their 11 per cent off. In doing so, under Canadian law, they would have to charge, as I understand it, that same wholesale price to all suppliers, then offer the discounts on an equal basis.

Mr. Pope: You have information that that has been done by suppliers?

Mr. Hannam: Yes.

Mr. Pope: I don't want to get into individual suppliers or anything, but has that practice been concentrated in the fresh fruit and vegetable or the dry grocery business? Is there any particular segment you could pick out?

Mr. Hannam: Most of our information has come from the grocery products, the storable grocery items, not the fresh produce.

Mr. Pope: Okay. You mentioned the threat of disruptions in the food industry in paragraph three on page four. Can you provide us with any information about what the actual upheavals have been in the processing industry because of any switches?

Mr. Hannam: One of the handouts I provided, an excerpt from a Kitchener paper, indicates what has happened in the dairy industry in that particular area. The problem becomes of greater magnitude when one retailer controls a large segment of the market.

If he were to switch his buying habits to American produce, it could throw a monkey wrench into a farmer's production plans very significantly. It puts planning the food industry in great trouble. I think we saw this in the evidence of the loss leader situation a year ago. This, too, was a symptom of this disease about which I was talking. Other than that, I can't be much more specific. But those are the two specific areas I'm concerned about.

Mr. Pope: In the milk industry specifically you seem to feel there may be a problem with the changing geographic locations of producers. Is that the problem?

Mr. Hannam: No, not necessarily the changing geographic locations of producers in the milk industry, because they have a regulated transportation system; that doesn't enter into it, but it could very well enter into it in other food items, particularly processed fruit and vegetable items.

Mr. Pope: Do you have any further examples? I'm referring to paragraph six on page five, regarding the reduction of choice. You mentioned roaster chickens: were there any further examples you wanted to bring to the committee's attention about a reduction in choice?

Mr. Hannam: No, not a specific example, other than the concept that as a few chains get more power, they are only going to have so many products on the shelf and that's bound to limit consumer choice.

Mr. Pope: Can I take it that your thinking behind the brief you have presented today is that you've got general concerns with the concentration of power and where it may lead us?

Mr. Hannam: Yes.

Mr. S. Smith: A few questions: When you spoke of the allowance for advertising, merchandising and so on, Mr. Hannam, did you have in mind something of the following kind? I can appreciate the problem you have of confidentiality of your sources—we have the same problem, but I will read to you from this so-called grocery and other advertising package: To be on the top of an ad for this particular company—this is Loblaw's—for \$25,000, provided you give them a "case allowance," you will receive a "picture at the top of an ad; reduced retail price"; the store can "draw" from the warehouse; your product will be displayed in so-called "point of sale." For \$10,000 you get what's called a save block and you have the same situation as far as the others are concerned, with expanded facings and so on. For \$5,000 you get a line mention; you still have to give

the required case allowance but then, at the choice of Loblaw's, you either get a newspaper ad or reduced retail store draw and so on. For \$3,000 you get a sales program; you get no ad for that and you still have to give a case allowance, but you get three of the following four—either reduced retail price store draw, expanded facings or sale item. For \$3,000 you get what's called in-store, which means you still have to give a case allowance and you get a reduced retail price for four weeks and some degree of attention drawn to your product.

Is that the kind of thing that people have brought to your attention? Is that the sort of schedule you've seen? Have you seen this schedule in particular or anything like it?

Mr. Hannam: No, I haven't seen that schedule in particular, but it does sound like the same scenario that some of our sources indicated was their problem.

Mr. S. Smith: You have given us an article from the Kitchener-Waterloo paper, I suspect, where Zehr's, which is part of the Weston empire, has shifted from the use of Maple Lane milk to the use of milk from Donlands Dairy which, of course, is owned by the Weston empire.

Have you heard of instances where a dairy has been forced to provide discounts in such amounts that eventually they simply couldn't do it and had to go out of business? Have you ever heard of instances where a dairy, although its products might have been very competitive, has been supplanted by the milk coming from an even more distant place but a place owned by a chain? Do you know of instances like that? You were talking about corporate concentration and its problems?

Mr. Hannam: This is one of the reasons I circulated this article; that is one specific example of that happening. Other than that, I can't be specific on who went out of business because of this practice but I point to the large decrease in the number of processors and retailers in Ontario in the last five or 10 years and the dearth of people entering the business at all. It is just impossible to get in, it seems.

Mr. Swart: I would like to pursue just a little bit further, if I can, the magnitude of these discounting practices and the co-operative advertising gimmick and listing fee, and so on. I don't expect you to have the answers to it, but if we are, as we may be, going to recommend a full inquiry, we really need to have some idea of the magnitude of this. Would you like to estimate, perhaps, the percentage of farm produce that is marketed in Ontario, affected by these practices

which are over and beyond the normal discounting practice or what should be the normal discounting practice for volume? I'm trying to get an idea of how widespread this is. Would you say it affects most of the farm produce, directly or indirectly, that appears on the shelves?

Mr. Hannam: Yes. My impression, and this is what surprised us, from sources over a wide range of sectors from dairy to bakery to meat products, all indicated the same problem. I would say in certain chains, these practices are very common and are widespread over all of the grocery products.

Mr. Swart: Have you any evidence, or would you feel, these discounting practices in certain areas, at least, are passed either directly or indirectly from the processor on through to the producer?

Mr. Hannam: That's hard to pinpoint particularly in products that have marketing boards to set the price. This is one of the reasons for my call for disclosure. I don't know what happens. I don't know why that discount cheque is forwarded to a sister company. I don't know what impact it is having in the price the consumer pays.

It's a very confusing and very suspect practice and that was one of the reasons for my call to get resources bigger than we have available, to find out exactly what is happening and why.

Mr. Swart: You wouldn't have any evidence or know for sure whether a packer who pays money for the listing, or some other fee to the supermarkets, would pass that directly on to the farmer who would be supplying the hogs? You have no evidence on that regard?

Mr. Hannam: No. That would be difficult on hogs, because he has to purchase those hogs on the open market, in competition with every other supplier.

Mr. Swart: You have no evidence that in beef or hogs this practice of discounting is prevalent?

Mr. Hannam: Not at the farmer level.

Mr. Swart: Do you have any information that the marketing boards are aware of these discounting practices? I'm talking about any of the marketing boards now. Were they aware of this? What I am leading up to is: Does this have any bearing on the price which might be set either by negotiations or by the marketing board? If there are going to be discounts, obviously, the prices are going to be set higher, and if they are aware of them, that might be a factor that's taken

into consideration. Would you like to make any comments on that?

Mr. Hannam: No. I'm not aware that they were aware of it during negotiations or that it would have any effect. I would really doubt whether it would have any effect, because the discounts and merchandising practices I am talking about are beyond the marketing board. They are beyond the producer level.

Mr. Swart: Are you aware of any discounts being directly applied to the farmers themselves on produce which they are selling? I was particularly, of course, referring to the Ontario Fruit and Vegetable Growers Association which seems to have a real concern in this. We get from their release that discounts were being applied extensively in that field. Would they not apply directly to the farmers—to the producers?

[12:00]

Mr. Hannam: That's right. I am aware of those two per cent discounts. I will tell you also that the resources in the farm community are very limited and we try not to duplicate anything done between organizations. I am a strong one for working together. We have not delved in detail into that two per cent discount for the fruit and vegetable growers. We left that to a member organization, the Ontario Fruit and Vegetable Growers Association. They have looked into that and have been working on behalf of their members in that respect. So we have not delved into that and duplicated what they have done. We have instead looked at the larger picture and what else is happening in the food industry. That is the source of our concern this morning.

Mr. Swart: We will have some of the growers' organizations—marketing boards—before us, but perhaps you have a general overall picture of what was being placed with regard to these practices than they may have in the overall field.

May I turn, Mr. Chairman, to another question? I don't think you mentioned it in your brief today, but in your speech at Barrie you mentioned your concern about the number of brokers getting into the field. You felt this would have a serious adverse affect. I wonder if you would like to explain just a little more fully, because I assume this or some subsequent committee will be going into the whole field of merchandising and the markups between the producer and the consumer, what actually is happening there and what the disadvantages are.

Mr. Hannam: I didn't mention it today in my statement for the sake of brevity. I didn't express all of my concerns. But I am concerned about this other practice of adding what in my estimation is another layer of middlemen between the producer and consumer. It appears that the problem of discounting, of advertising and promotional kickbacks, of all of these things, make the food industry so confusing that suppliers are finding it easier to get into stores if they go through a broker who knows all the ropes and who can go through that and get their product on the shelf somehow.

In looking at the February 1978 edition of the Canadian Grocer there is a listing of the 1978 directory of food brokers in Canada. It lists the names and addresses of food brokers; I think either eight or 10 pages, with three columns each, of food brokers in Canada. That alarmed me, that so many additional enterprises in the food industry were being established. I do have some statistics showing that in Canada the value of goods bought and sold on a commission basis, in other words through food brokers, was \$1.25 billion. That was back in 1976, I guess. The gross commissions earned by these food brokers amounted to \$54 million. That is another area of concern.

Mr. MacDonald: Can I ask a supplementary question on this very point?

Mr. Chairman: Go ahead, Mr. MacDonald.

Mr. MacDonald: Are these brokers genuinely independent or are they part of the great empire? Many of the wholesalers, many of the transportation companies, indeed many of the producers, in the Loblaw-Weston empire or the Dominion-Argus empire, are all part of the same corporate structure. Are the brokers genuinely independent or are they just another layer for efficient administrative processes?

Mr. Hannam: I frankly don't know, Mr. MacDonald. I find great difficulty in going through the flow charts of the various corporations. I really don't know the answer to that question.

Mr. Swart: Would it not in your view be much easier with this additional layer and the lack of direct negotiations between the retailers and the producers or even the wholesalers to infiltrate many more of these discounting practices? It would be much more difficult to bring out in the open. Wouldn't that be one end result of this trend towards more of the produce being handled by brokers?

Mr. Hannam: That may be. I really don't know whether that is fact or not.

Mr. Pope: Can I ask if you have any information as to the increase in the number of brokers in the last couple of years?

Mr. Hannam: No, I don't know what the historical level was.

Mr. Swart: You do state in the speech that you gave in Barrie that in Canada the number of brokers has mushroomed into hundreds leaving the clear impression that a much greater percentage of the produce is being marketed through the brokers.

Have you any idea of the additional costs that may be incurred by this additional level? Are we talking about one per cent or two per cent? You imply there are additional costs and there would seem to be. Have you any idea what this might be?

Mr. Hannam: No. The only indication I have is that the gross commissions earned were \$54 million, that is, the fees they have garnered out of doing business. As to whether that is all additional cost, I suspect a great percentage of it is additional costs.

Mr. Swart: One final question with regard to this mushrooming of the brokers: In your view, how should this be regulated or handled so that this doesn't increase and the farmers and the producers are protected from this additional middleman? Have you any ideas? Could you tell us what may be done in other jurisdictions, in the United States or other places, that have dealt with this problem?

Mr. Hannam: I'm not an expert at law but I do understand that in the US, discounts, for example, are limited to what can be justified on the basis of cost. There's a greater enforcement of the competition laws there than we appear to have in Canada. As far as answers go, I'll give you an example of my own farm. With the sunshine, I'm busy this week planting corn. When I apply fertilizer I don't apply fertilizer until I know what's in the soil and what that soil needs. I don't apply herbicides until I know in my own mind what weed seeds are there so that I can apply the appropriate solution. I think we're in the same boat here.

My call is for more disclosure of exactly what's happening so that we can see exactly the total extent of it, what impact it is having and how extensive are the implications I raised this morning. Then we can come to look at what the appropriate solutions would be.

Mr. Swart: I appreciate that point of view. This will be my final comment. What we're trying to do is establish a prima facie case to proceed further with this and perhaps force a reluctant government into taking some action in this regard.

Mr. J. A. Taylor: Mr. Hannam, you've made a comment. If I may, could I just follow your brief and possibly you could clarify for me your concerns there. My riding is Prince Edward-Lennox and we have a number of food processors there. They're usually the small canners that process peas and tomatoes and that type of thing. You may be familiar with them.

You mentioned that the prices farmers receive are public and the prices consumers pay are public. Then you express concern in terms of what goes on between. Do you have any views in connection with just what should be made available to the public in terms of contractual relationships between private parties in negotiating prices and in negotiating their contracts? Do you feel that all of that commercial practice should be open for review? What is your feeling there?

Mr. Hannam: I think that what we have to get at are the practices that are possibly having an adverse effect in the industry. As an example, this discounting, the rebates and the kickbacks that have been talked about, in my mind, tend to make the printed wholesale prices and, therefore, the retail markups rather meaningless. If the wholesale prices are artificially escalated and then there are kickbacks, discounts and all kinds of things beyond that, the actual wholesale price becomes more meaningless for statistical purposes or determining profits of various chains and understanding what happens in the food industry.

Yes, I think we need greater divulgence of these practices so that everyone knows what kinds of discounts are available for volumes and what the trading practices are.

Mr. J. A. Taylor: You are not suggesting they are illegal, but you want to make sure they are open, fair and above board, I believe, as you put it.

Mr. Hannam: I am not sure if they are legal or not. They may or may not be, depending on how they are implemented, as I understand it.

Mr. J. A. Taylor: I gather from your brief that the discounting practice is really a manifestation of concentration of power. It is not the two per cent that you say is important; it is the manifestation of concentration of corporate power that is at the root of the problem. Is that correct?

Mr. Hannam: Yes.

Mr. J. A. Taylor: You say, "Information brought to us indicates recent escalation in discounting practice and a growing concern among producers and food manufacturers for the future of the good industry." That is a

pretty broad statement. I know my concerns have been about exports, tariffs and dumping. I think a couple of days ago there was a ruling in terms of Taiwan tomatoes. That has been remedied now within the last day or two.

The processors, certainly in my riding, are concerned with exports and imports, particularly unfair competition from offshore countries. I was just wondering if you would acknowledge that the future of the food industry is broader than the discounting practice that you express alarm over?

Mr. Hannam: Oh, yes. There are many problems in the food industry. I think you are aware of OFA's very great concern in the tariff and trade issue, but that doesn't reduce our concern about the trading practices within the domestic market.

Mr. J. A. Taylor: You are not suggesting by that statement in the middle of page one that the future of the food industry is in jeopardy because of the discounting practice?

Mr. Hannam: Yes, I am really. My concerns are listed numerically back farther. I listed six concerns as to what I saw as the implications of the discounting practices and the concentration of power.

Mr. J. A. Taylor: If I may just follow that, as I read it you express your major concern as being a concentration of power and the manifestation of that discounting and other practices related in some way to discounting.

Mr. Hannam: Yes.

Mr. J. A. Taylor: I am not sure what you mean by other questionable practices. You do mention that at the bottom of page one. So when I mentioned discounting, I presume I should say "and other questionable practices." Presumably you feel that discounting is an undesirable practice?

Mr. Hannam: Yes, when it gets to the point that I list on the bottom of page two where I say when they are larger than can be justified by cost savings, when they are demanded by the purchaser instead of being offered by the vendor, when they are implemented not by a reduction of the invoice price but are separate rebate cheques forwarded to sister companies. When discounting practices get into that area, my concerns escalate.

[12:15]

Mr. J. A. Taylor: So you are really qualifying your objection to discounting; it is not discounting, but a certain refinement of that that concerns you.

Mr. Hannam: It is the quantity, extent and amount of discounting that has that effect in

the food industry. When it stampedes the concentration of power, when it adversely affects other suppliers and retailers in the food industry, then I get concerned.

Mr. S. Smith: That is the distinction we were trying to get from the minister earlier.

Mr. J. A. Taylor: The question of the listing fee, if I may go in order of your brief, is raised on page three.

Have you any information in connection with smaller processors that have been delisted or couldn't afford to list, who might otherwise be merchandising their own brands in the supermarkets?

Mr. Hannam: The information I have is all second-hand information. I am basing these statements on opinions expressed to me by the sources I indicated in the statement and they have expressed very great concern over the impact it has on their operation. A number of them have had a number of products delisted in favour of suppliers owned by the same chain, for example.

Mr. J. A. Taylor: These are the small processors?

Mr. Hannam: Not just the small processors.

Mr. J. A. Taylor: I am not talking about Green Giant or someone like that, because—at least in my view, and I am here to learn—they may be in a different league than the canners I am familiar with: Cherry Valley Canners, Crofton Canning, Waupoos Canning, Baxter, and so on, in the area I am familiar with. I see them in a different league where they couldn't, because of their size, get involved in the expense of merchandising, national and even international advertising, and so on.

As a matter of fact, I have been told they sell directly to the chain stores with house labels, which is their salvation because they have a market in the chain stores. Without that chain store market with the house label, whether it is Dominion, A&P or what have you, they would be out of business because they certainly couldn't compete with the large processors.

Have you heard anything from the smaller processor such as that?

Mr. Hannam: Yes, it affects processors of that magnitude. As you indicate, they would be forced out of business by the chains if they didn't have an outlet like that.

Mr. J. A. Taylor: Not forced out of business by the chains. What I am saying is the chains actually keep them in business because they sell directly to the chain, not under their own label but under the house label, and therefore they have a market that

they otherwise wouldn't have. They can't compete with the Green Giant market, for example.

Mr. Hannam: But it is not implicit in that statement that, because of these trading practices and the other powers of the retailers, they would not be able to put their products directly on the shelf without having someone else's name on that? My answer to the question is, it does affect those people but there are much larger processors that we have spoken to who are very badly hurt by these.

Mr. J. A. Taylor: I was just wondering if you had heard from the smaller canner as I have mentioned?

Mr. Hannam: I haven't spoken to the smaller canners or the canners in your riding, no.

Mr. S. Smith: It's a concentration of power.

Mr. J. A. Taylor: I am concerned about the little guy too. I am just wondering if it is all evil or not and what would happen when you start reshuffling or redesigning our market system. And I'm not making a value judgement here. I'm just trying to learn from you what information you have from people who are very important to the farming community in a rural riding, such as the Prince Edward-Lennox riding that I represent. Without those canners, you know, there goes our farm production and the farmers' income.

While I'm mentioning that, you indicated some concern in terms of the brokers. Do you have a view as to whether brokers are desirable and whether they have a real and meaningful role to play? Or do you think it's an unnecessary activity that jacks up the price of food?

Mr. Hannam: I think that both apply and it again depends on the extent and the seriousness of it. I think that in any merchandising business, whether it be food or not, there is a legitimate role for brokers in some cases. They do provide a useful marketing service in certain cases. My concern is the large number of food brokers and the expression of opinion from our sources that life is complicated for them and to get their products into chains they have to go through a broker.

Mr. J. A. Taylor: I was just wondering how complicated life was getting in other areas, especially in the area that we're involved so much in here, and the number of lawyers who graduate every year who seem to have lots to do because of life's complications and

what we contribute to it in the Legislature.

In terms of a value judgement, you're not suggesting there isn't need for a broker, but you do express some concern that there may be an unnecessary proliferation of them?

Mr. Hannam: Yes.

Mr. J. A. Taylor: What numbers indicate to you that a processor can't market his produce by himself any more? What is your concern there?

I don't know whether it's good or bad, you know. We regulate all kinds of things I suppose, numbers of taxi cabs, PCV licences, and so on. I just don't know whether we should be concerned with regulating the number of brokers.

Mr. Hannam: The number of brokers is more a manifestation and a symptom of the problem than the cause of the problem itself. I don't think to limit the number of brokers would be appropriate.

You mentioned the increasing complexity brought on by the Legislature but any legislative move is open and above board. The public have an opportunity to make comment and to be able to justify, or not justify, what is happening. The basis of all my concern is there are few chains, and the corporate board rooms of those empires are determining the trade practices in the food industry—in my submission, to the detriment of independent retailers, independent processors, opportunities for farmers, variety, and cost that consumers have to pay. That's the issue.

One of the results appears to be the increased number of brokers but I don't think it would be appropriate merely to limit the number of brokers to solve the problem.

Mr. J. A. Taylor: Would it be fair to say that there is suspicion, but you're not in a position to bring forward hard factual data upon which you base that suspicion?

Mr. Hannam: In my opening statement, I indicated the basis for all of my submission was the concern in the food processing and manufacturing industry.

I am as disappointed as anyone that I cannot present the hard facts, name names, and give specific sources, but I feel very confident that these sources are representative. They're highly placed individuals, they are good sources of information, and I was alarmed at the amount and consistency of their concern. The same story was being told by all of them when we went to check it.

Mr. J. A. Taylor: As to the practices that accelerate the movement to concentration of

power, on page four, you say "concentration of power in a few conglomerates has a distinct potential for higher food costs." I don't think anyone wants to pay any more for food, presumably, than they have to, although I gather we advertise that food is one of the best bargains in the country today. At least that's what the farming community feels. It depends on just what kind of farming you're in as to just how strongly you feel about that.

You say: "There's a growing threat of disruption in the food industry by the increasing concentration of power." Again concentration of power has caused a disruption. You mention that discounting is a manifestation of concentration of power. You also say: "Another implication of increasing concentration of power . . . will lead to bigger labour unions and bigger marketing boards." Would it be your suggestion that marketing boards or bigger labour unions would not be necessary or desirable, if we didn't have this concentration of corporate power?

Mr. Hannam: As I indicated, the need for these was determined on self-defence. I would think that would be right. If there were thousands of retailers instead of a handful, then there would be more equal competition in the market place. I think this would be natural. You wouldn't require as broad powers in marketing boards and you wouldn't have the bigger unions.

I'm not making a value judgement there either, but it's natural that if you have thousands in the marketplace instead of a handful, then you have smaller units and you have not as much need for the bigger power to match that. This was the concern I expressed at the direction that the whole food industry is taking.

Mr. J. A. Taylor: I was just wondering if there was something in that that maybe wasn't as obvious as it might be. I don't want to read into it something that isn't there. Are you suggesting that with a freer market system and less concentration of corporate power we would be better off without marketing boards? Some people call them cartels, I think. Is there some suggestion there?

Mr. Hannam: What I'm suggesting is that I think farmers would prefer not to have any limits on their production or on their ability to do business or on any of their operations, if they could survive. But with the concentration of power on one side, as a matter of self-defence they have to join larger power blocs in order to survive in some commodities. My real reason for raising that is antici-

pating future development; if this concentration of power continues, then we are going to get even bigger units, and we don't want to go that direction necessarily.

Mr. J. A. Taylor: Do you feel that it is practical to decentralize power or reverse the trend to a concentration of power?

Mr. Hannam: I'm saying let's find out exactly what's going on and the implications it has and make the decisions as to the solutions from then on.

Mr. J. A. Taylor: I'll just finish up here. Presumably, your entire brief really expresses a concern over concentration of power.

Mr. Hannam: Yes.

Mr. J. A. Taylor: Accepting for the moment that that is so and that you are right and I'm not going to express any personal view on that—do you feel that trend could be reversed by anything that we could do here in Ontario?

Mr. Hannam: Again, I'm not capable of answering a legal question as to whether it's Ontario's jurisdiction or federal jurisdiction.

Mr. J. A. Taylor: Let's make it broader than that then.

Mr. Hannam: I think it is important that we in Ontario find out what's happening and what solutions have to be found in order either to stop it or roll it back if necessary. If that action is appropriate or able to be done at the provincial level, it should be instituted. If it's more appropriate at the federal level, then Ontario could make a strong case to the federal level to have it done. But one way or the other, we have to find out what's happening and come to the appropriate solutions for it. They seem to have done that in the United States to a better degree than we have in Canada.

[12:30]

Mr. J. A. Taylor: Again, I'll reserve any comment on that.

Mr. Riddell: I'll be very brief. Mr. Hannam, you made reference in a speech that you made to the Consumers' Association of Canada on May 12 that one independent food manufacturer is thinking of closing down in Ontario and moving to the United States because of the trade practices here.

I think you're convinced, from the information you've been provided with, that there should be an inquiry of some kind. Certainly from the information with which we have been provided we are quite alarmed about the trading practices. We have to convince the minister and his colleagues that there should be an inquiry. It would be nice if we could get some first-hand information. Would you be prepared to disclose the name of the

independent food manufacturer who is thinking of closing down and moving to the United States because of the trade practices here and how it's interfering with his business so that we might have the benefit of any comments which the owner of that company might wish to make before this committee?

Mr. Hannam: I would prefer not to do that because we obtained the information on the understanding that we would not divulge the name because that would, in his opinion, hasten his demise in Ontario because of his reliance on those markets in order to stay in business in Ontario. He wants to stay in business in Ontario if he can. I would prefer not to divulge that name at the moment. Again, as I indicated in my prepared text, I would do everything I could to encourage him to come forward if there is an inquiry set up in which he could testify in camera. It's much better to get that information first hand and to set up a forum in which that information can be brought forward.

Mr. Riddell: If people in the trade then are willing to come before an inquiry that's held in camera, it speaks then to the need for an inquiry as far as you're concerned.

Mr. Hannam: Yes, I have been quite alarmed at the apparent fear in the food industry. This is one of the reasons I couldn't sit back any longer and not do anything about it.

Mr. Chairman: Mr. Renwick, do you have a quick question? We've run out of time.

Mr. Renwick: Keep me at the top of the list for tomorrow night.

Mr. Chairman: We've questioned Mr. Hannam here for two hours. I don't want to restrict the questioning of the witnesses, but I should remind the members of the committee that we've got a large list of witnesses to appear before the committee. At the rate we're going, we'll never get through within the six meetings we're scheduled for and which we agreed to.

I'm concerned as to whether Mr. Hannam will be available tomorrow night. We don't want to impose on you, Mr. Hannam. We appreciate the fact that you've come here of your free will and accord and have already given us two hours of your time here in questioning. Will you be available tomorrow night?

Mr. Hannam: My legal counsel is scheduled to be in Sudbury tomorrow. I would prefer not to have to come back, but I'm at your disposal if that's essential.

Mr. Chairman: Mr. Renwick, you're the last on the totem pole here.

Mr. Riddell: Extend the time.

Mr. Renwick: Ten minutes or less would do it.

Mr. Chairman: Just talk faster.

Mr. Hannam: I'll answer quicker.

Mr. Renwick: I'm noted for being brief.

Mr. Yakabuski: I don't know if five or 10 minutes will be sufficient. There may be other people who want to ask questions. I myself may want to question Mr. Hannam.

Mr. Chairman: It's up to the members of the committee. Mr. Hannam has said if it's absolutely necessary he can come back tomorrow night. We also have another committee coming in to this room at 1 o'clock.

Mr. S. Smith: Mr. Renwick's asking for five or 10 minutes. Why don't we just grant it to him?

Mr. Chairman: Our legal counsel also has some questions to ask of Mr. Hannam, I'm advised. So Mr. Hannam, could you come back tomorrow night at 8?

Mr. Hannam: Fine.

Mr. Chairman: We'll try to wind it up as quickly as possible.

Hon. W. Newman: I don't know how busy Peter Hannam is, that's all, but legal counsel should only be two or three minutes.

Mr. Chairman: Do you want to extend the time? Mr. Renwick, please go ahead then.

Mr. Renwick: Mr. Hannam, speaking for myself, I appreciate your coming here and appreciate what I take to be, a very classic statement made by yourself, as head of an organization representing the farmer producers in Ontario. However, I find it quite disconcerting from the point of view of the committee and its purposes, although certainly not from your point of view, because my impression of your statement is that it is consistent with what you had asked for in the brief which you submitted to the cabinet and that it really deals with an overall study of the food industry between the farm gate and the cash register.

You have quite properly chosen the consumers' association to make the link between yourself, representing the farmer producers, and the consumers. We 125 members collectively represent not only the farmer producers but the consumers, and we also represent all the people engaged in the food processing industry in between which is a lot of people.

I take it, basically, that what you are saying is that over a reasonably short interval of time there has been a significant escalation in the extent and degree of the financial de-

mands made upon the food processing industry by the major retail industry. And I take it that all of the witnesses whom you feel you must protect are speaking to that question. Is that right, Mr. Hannam?

Mr. Hannam: Yes, that's my impression and, again, I can't qualify that escalation but it seems to be a consistent complaint.

Mr. Renwick: So I take it that what has bothered you is that over whatever this measurable period may be, there has been a significant destabilization of the industry by these practices and that the impetus for that has come from the major chains in the retail business.

Mr. Hannam: That's right.

Mr. Renwick: I take it that the kind of fear or apprehension which is among the witnesses whom you have endeavoured to corroborate your positions with on various points is simply trade reprisals of one kind or another or employer-employee reprisals.

Mr. Hannam: That's right.

Mr. Renwick: That makes them reluctant to give evidence.

Mr. Hannam: That's right.

Mr. Renwick: The implications or the problems that you raised for us are, first of all, the wide-ranging extent of a descriptive account of the food industry and an endeavour to pass some kind of value judgement upon those practices, and whether or not concentration is undue in the industry, or is reaching the point where it's undue, and something should be done to stop it. That's one possibility.

The one that really bothers me, however, is the one which you tend to dismiss, and that is that there are present today in the industry, regardless of whether there has been a significant escalation, merchandising practices which are wrong. They're either illegal, or improper or bad business practices that the Legislature has either condemned or should condemn. Have you any evidence of that kind of business practice, rather than the evidence which appears to speak toward the destabilization of the industry and a particular interval of time because of the pressures of business through the retail chains?

Mr. Hannam: I'm lacking any concrete evidence of that happening. I have suspicions, as many people have, but I've declined to make a specific charge of illegality on behalf of any one corporation unless there is specific proof, and if that was the case we could have access to the

courts. I'm not saying there is nothing illegal. I just don't have a legal opinion on it.

Mr. Renwick: I want to try to make the distinction. Believe me, I understand the care which anyone in your position must take if he's making allegations of criminal wrongdoing or illegalities, or improper business practices, whatever the degree and extent may be of the practices and what the net result may be. I'm not pressing you at the moment on the question of the evidence, but you are sufficiently concerned that you believe there are specific practices which, if a committee such as this investigated, might well lead to a conclusion that they were improper, illegal or criminal?

Mr. Hannam: That could be. I can't definitely answer yes or no to that question. I don't feel confident enough on a legal basis.

Mr. Renwick: There is one further area which I would like to cover. In speaking about the sources, your sources to whom you have referred, I take it that you are saying to the committee that neither you yourself or through your counsel are prepared to make the names of those persons available to either this committee or counsel for this committee?

Mr. Hannam: Yes, I would prefer not to make those names available, but what I can do—and as I indicated that's the purpose of putting out some of these documents—is to suggest people who have strong personal views on it and whom your steering committee may wish to call in themselves to get first-hand information. I could also point to a large number of people in the areas of independent food processors or independent food retailers who know what's going on. They are not necessarily our sources, but surely someone on the committee could pick out a sample of those people.

I don't have this available today, but it may be possible for OFA to suggest people that you may consider bringing in. We may not have spoken to those people but we may think that they would be in a position to know exactly how it affects their business.

Mr. Renwick: Perhaps it's more a statement on my part than a question, but from the way in which my mind has been going as I listened to you being questioned by various other members of the committee and the statements that you made and the evidence that you put in front of us this morning, I almost see it that before we could get to stage two—that is, a convincing demonstration that an overall study of the industry, for whatever value that may be,

because of this significant escalation over a reasonably recent period of time of the destabilization of the industry—before we can get to that point we may have to go the first stage.

[12:45]

Maybe the second stage is not the kind of work that a committee like this could undertake, but the first stage to lay the groundwork for that, it seems to me, would require us to obtain the kind of evidence about existing practices at the beginning of the interval of time where the escalation has taken place, the existing practices now, and some indication as to whether we as a committee, in good faith, could recommend either that these practices were improper, or that they were illegal, or in some instances criminal. If that were the determination, could your organization give us, through our counsel if necessary rather than openly to the committee, the leads or the assistance that we would require for that kind of investigation?

Mr. Murray: With respect, Mr. Chairman, through you to Mr. Renwick, I think it's been Mr. Hannam's position that some individuals have come forward with information that is second-hand—it is second-best evidence. He is, as he's indicated, in a very difficult position with regard to these individuals. He's of course not claiming a privilege or anything like that—he doesn't have one—but there is that awkward position. I think that probably his position is that he would ask the committee to respect that confidentiality, a least at this stage, with regard to a list.

Mr. Renwick: Mr. Chairman, I don't intend to press the matter any further. I just wanted Mr. Hannam and you, Mr. Murray, to understand how my thinking was going about the point of trying to clarify how we get to stage two without stage one. Without stage one we really can't get to stage two in any meaningful way like the impetus that brought this committee to consider these matters now.

Thank you for the four minutes, Mr. Chairman.

Mr. Chairman: Thank you, Mr. Renwick. It was more like 12 minutes. You did very well anyway. Mr. Yakabuski, very briefly, and then the legal counsel.

Mr. Yakabuski: This will be a short one: much shorter than I intended because of the time. I have a question of Mr. Hannam through you, Mr. Chairman:

Do you feel that in the group of producers across the province there might be a

ploc, a group of those who are happy with their arrangement, who think they've got a good deal going, they've got a good setup, that they might be disturbed by what's going on here this morning?

Mr. Hannam: Sir, my answer is that I think most farmers are very naive about these practices, because I'm talking about practices well beyond the farm gate. It's not common knowledge what these trading practices are. It has been very difficult for OFA to find out anything about them at all. I think letters and concerns expressed by our members would indicate to me a very, very serious concern among farmers all across Ontario as to what's happening between the farmers and consumers.

Mr. Yakabuski: I think we all have the consumer at heart. It's very popular to jump on the back of the "big E," the supermarket or whatever, but to me this whole exercise is only one phase of an entire exercise that perhaps should take place in fair trade practices. We could go into the electronics industry, we could go into the clothing business, we could go into any of the other commodities bought and sold in this province, and find practices that are quite similar—whether you're in the grocery business or the hardware business.

I wonder too if the supermarkets are retaining all those savings they are supposedly making, or are they passing them, in some cases, on to the consumer?

Mr. Hannam: I really don't know. As I indicated, I'm suspicious of the practices of having these rebates and that forwarded to other companies rather than being just merely a discount off of the invoice. I don't know what happens to them or why it's done that way.

Mr. Yakabuski: My other question—and I want to be very brief—concerns what you mentioned about the rates charged to them for buying space in a particular ad. I'm assuming that Loblaws or whoever gets a whole page for X number of dollars, but if a producer wanted to buy a three-by-four ad or something, he is going to pay a different rate. The same thing applies there. The newspapers or other media have different rates for different sizes or lots of business. In this case, perhaps the supermarket is charging the producer what he would normally pay for that kind of space and he's retaining the balance. That is all I have.

Mr. Chairman: We'll call Mr. Poole, our legal counsel.

Mr. Poole: I just have three questions which are more or less to sum up. Am I right, Mr. Hannam, that you're not against volume discounts but rather the method by which they are arrived at and the amount?

Mr. Hannam: I think that would be a fair statement.

Mr. Poole: Am I right that your concern lies with the consumer today rather than the producer?

Mr. Hannam: Not altogether.

Mr. Poole: Do you think the producer is affected by these discounts?

Mr. Hannam: Yes, I do because of what it's leading to. All of these trade practices have been leading to the concentration of power and it's the concentration of power and the muscle that a few corporations can have.

Mr. Poole: Might I ask you that if the burden of your song is the concentration of power, then you say the evil in that has the effect of reducing competition?

Mr. Hannam: That's one of the manifestations, yes.

Mr. Poole: If that were so, then that would be contrary to the Combines Investigation Act, a federal matter, would it not?

Mr. Hannam: I'm not in a position to give a legal opinion.

Mr. Poole: But that would be a fair inference, Mr. Murray, wouldn't it, that if the concentration of power leads to a reduction of competition, then it must follow, therefore, that it's a matter of an infraction of the Combines Investigation Act? Is that fair? You'll have to excuse my voice. I have laryngitis.

Mr. Murray: It would, with regard to the particular matters, I would think, that are dealt with in that statute. There may be other trade practices that are not covered there. Our position, as Mr. Hannam has indicated, is not that these are legal or illegal. That's not our province.

Mr. Poole: They're just bad.

Mr. Hannam: It's the social and economic impact they're having.

Mr. Chairman: Thank you, Mr. Poole, Mr. Hannam and Mr. Murray.

The committee adjourned at 12:53 p.m.

SPEAKERS IN THIS ISSUE

Deans, I. (Wentworth NDP)
Havrot, E.; Chairman (Timiskaming PC)
Hennessy, M. (Fort William PC)
MacDonald, D. C. (York South NDP)
Newman, Hon. W.; Minister of Agriculture and Food (Durham-York PC)
Pope, A. (Cochrane South PC)
Renwick, J. A. (Riverdale NDP)
Riddell, J. K. (Huron-Middlesex L)
Smith, S.; Leader of the Opposition (Hamilton West L)
Swart, M. (Welland-Thorold NDP)
Taylor, J. A. (Prince Edward-Lennox PC)
Wildman, B. (Algoma NDP)
Yakabuski, P. J. (Renfrew South PC)

Witnesses:

Hannam, P., President, Ontario Federation of Agriculture
Murray, J., Director of Properties and Counsel, Ontario Federation of Agriculture
Roberts, F. K., Counsel, Loblaws Limited

Assisting the Committee:

Poole, W. R., Counsel for the Committee



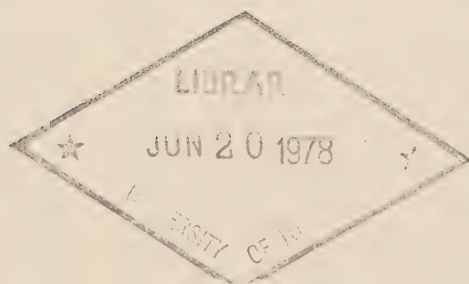
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Official Report (Hansard) Daily Edition

Resources Development Committee

Ministry of Agriculture and Food Annual Report, 1976-77



Second Session, 31st Parliament

Thursday, May 25, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, MAY 25, 1978

The committee met at 8:10 p.m.

MINISTRY OF AGRICULTURE AND FOOD ANNUAL REPORT, 1976-77 (continued)

Mr. Chairman: We now have a quorum. Before we call on our first witness this evening, I have a letter from the Attorney General (Mr. McMurtry) dated May 25 addressed to myself. I'll read it to the committee.

Mr. Renwick: On a point of order: Could we delay the reading of that letter until the members of the public have had the opportunity to speak?

Mr. Chairman: Do you want to do that?

Mr. Breithaupt: No.

Mr. Renwick: I would—

Mr. Breithaupt: The answer is no.

Mr. MacDonald: What does it concern?

Mr. Chairman: It is with regard to the question raised by the member for York South (Mr. MacDonald).

Mr. MacDonald: May I suggest that we have it Xeroxed and give a copy to each member. Better late than never, but we should have had it last week. I don't think it is going to add to tonight's work.

Mr. Chairman: Is it the opinion of the committee that we should have it photostated and give every member a copy? Very well.

Mr. Renwick: I think it is very important that we just hear people who have something to say to us rather than what the Attorney General has to say, which we can read.

Mr. Chairman: Thank you, Mr. Renwick. I appreciate your comments. We will call on our first witness, Mr. Lindley, Ontario Fruit and Vegetable Growers' Association. Mr. Lindley, can we call on you to come up here to take the oath?

Peter M. Lindley, sworn.

Mr. Lindley: Mr. Chairman, may I be privileged to have legal counsel accompany me?

Mr. Chairman: Yes. His name, please, Mr. Lindley?

Mr. Lindley: Mr. Harry J. Daniel of the firm of Harris, Barr, Hildebrand and Daniels, St. Catharines.

I welcome this opportunity to present the views of the Ontario Fruit and Vegetables Growers' Association to the committee. We have a printed statement which I would like to distribute to the members.

Mr. Chairman: I think everyone has a copy now, Mr. Lindley. You can go ahead, please.

Mr. Lindley: Mr. Chairman, ladies and gentlemen, this is a statement prepared for the resources development committee. The Ontario Fruit and Vegetable Growers' Association is an umbrella organization representing the majority of the fruit and vegetable producers in the province of Ontario. The directors are elected from various fruit and vegetable marketing boards and from local organizations. The executive is elected from the board of directors in annual meetings.

[8:15]

The Ontario Fruit and Vegetable Growers' Association has for more than 100 years entertained the interests and concerns of the fruit and vegetable growers of this province. In January 1978 I, as president of the Ontario Fruit and Vegetable Growers' Association, was informed verbally and in confidence of a practice being used by a chain store in payment for Ontario produce. At the same time I was informed verbally and in confidence of a proposed practice of another chain. The Ontario Fruit and Vegetable Growers' Association has always been concerned with trade practices which could affect the industry.

As a result, we began to monitor the situation in an attempt to gain a broad knowledge base. We were developing a knowledge base when the questions were asked in the Ontario Legislature concerning discount practices, I believe about April 29. Up to that point we did not have sufficient documented evidence to take our case to any authority. We had not discussed the problem with any officials of the Ministry of Agriculture and

Food and we had not discussed the problem with the Minister of Agriculture and Food (Mr. W. Newman).

We issued the press release of May 4. We have copies of that press release here and they might be distributed to the members of the committee. Would you care that I continue or wait for these to be distributed?

Mr. Chairman: Please go ahead, Mr. Lindley.

Mr. Lindley: We issued the press release of May 4, 1978, to clarify the discount practice and to inform our producers that the practice used by Loblaws had indeed been terminated and that we would consult with Dominion Stores.

The Ontario Fruit and Vegetable Growers' Association has seen no evidence that growers or marketing boards dealing with fruit and vegetables were ever directly involved in any discount program. We as growers know that any cost of marketing, transportation, et cetera, between the grower and consumer stops at either end. Our concerns are that some growers would pay over the short haul and the consumer in the long run. Our evidence indicates that all discounts were paid by the shipper or packer-shipper. To our knowledge, at no time has the minimum price level established by any marketing board been violated.

Annually, there are some \$60 million worth of fruits and vegetable crops produced and sold in Ontario without the advantage of marketing legislation. The growers of these crops are most vulnerable to participation in any discount practice.

In the *Agrologist*, Winter, 1978—I have copies of this particular article that I would like to give to the members—but I would like to read a certain section. It is an article by Murray Hawkins which states, "Informal arrangements developed by food retailers to produce stability in the market include: meat programs, private labels, formula pricing, market share allocations, volume rebates, advertising, warehouse allowances, shelf-space purchases, produce definition, minimum volume requirements and individual percentage gross sales payola payments. The important concept to remember is that vertical integration embraces all arrangements created to dictate stability in the marketplace."

Growers have always feared vertical integration and consequently we would welcome the termination of the discount practices affecting the fruit and vegetable growers of Ontario. The fruit and vegetable industry

in Ontario has been aware of other such discount practices in the past. The vulnerability of the industry to these practices may very well stem from the perishability of fresh fruits and vegetables.

It would appear, however, that the real problem is a very large buying power vested in a few hands. The power is the reason for the establishment of marketing boards. The power has been very evident as we attempted to monitor our problem. No one is prepared to be quoted or to have their names used. Much of our information is available second- or third hand.

The fear of economic sanction is real. The Ontario Fruit and Vegetable Growers' Association could not put itself in the position of causing any producer or shipper economic hardship; and I am sure that no member of this committee would want to assume a similar kind of responsibility.

The effectiveness of the Ontario Fruit and Vegetable Growers' Association as a monitoring and reacting agent for problems within the industry could be jeopardized if the individuals who provide information are disclosed. The problem is like wolves stalking the sheep; as long as the sheep stay together they are safer than if they were separated.

In conclusion, the Ontario Fruit and Vegetable Growers' Association is satisfied that the recent trade practices will be terminated. The events to date will bring this about. However, it is our feeling that problems within the fruit and vegetable industry are minuscule compared with the total food industry. We feel that any further inquiry must be on a very broad base, and in camera, to include all facets of the food industry. No one spoke can carry the weight applied to the total wheel. Thank you for this opportunity to appear before you.

Mr. Chairman: Thank you very much, Mr. Lindley. I hear the quorum bells ringing. Is it the wish of the members of the committee that we adjourn for a short term and go up to the House?

Mr. Nixon: Mr. Chairman, might it be possible for a quorum to be maintained here at the same time?

Mr. Chairman: Sorry, gentlemen. The first person who wants to question Mr. Lindley is the minister.

Hon. W. Newman: Mr. Chairman, just a couple of very quick—

Mr. Renwick: On a point of order, I want to understand very clearly at what point in time on each of our hearings the minister is going to choose to intervene. He has no pre-

emptive right; if the minister wants always to respond to the particular presentation I'm quite agreeable with that, but I do not want him—because he's not a member of the committee, he is a member of the government—to have some pre-emptive right to get your eye before anybody else does.

I want to make it very clear that if the minister on each occasion that a witness comes before us, wants to have the first right then I will agree with that, I have no problem with that at all, but I'm not prepared for him to participate in a sort of raffle game of who gets on the list when. Does the minister have something significant to say or is he playing politics, as he generally does, in trying to move in at this particular time? He's not a member of the committee—

Hon. W. Newman: Mr. Chairman, on a point of order—

Mr. Renwick: You don't have a point of order; you're not a member—

Hon. W. Newman: Who are you to decide whether I have a point of order or not? The chairman has that decision to make—

Mr. Renwick: That's right.

Hon. W. Newman: —not you.

Mr. Renwick: Yes.

Hon. W. Newman: Okay, if I have a point of order, that's up to the chairman to decide.

Mr. Renwick: You're not a member of the committee, so you don't have a point of order.

Mr. Chairman: Mr. Minister, will you please go ahead then.

Hon. W. Newman: Mr. Chairman, on my point of order, I would point out that the other Wednesday morning when we had discussions I kept my questions very short. I believe I left most of the time for the committee members to ask questions. I just want to be very fair about that, because I feel that it is the committee—

Mr. Renwick: Mr. Chairman, I raised the point of order. The minister is not a member of this committee. If it is the decision of the committee that the minister is to have the first right to comment, that's fine, I have no problem. My question simply is whether tonight he should suddenly say, "Well, I'm now going to respond about something." We're not playing politics, we're dealing with the interests—

Hon. W. Newman: Neither am I, Mr. Chairman.

Mr. Renwick: —of the province of Ontario. Okay? Let's get it straight.

Mr. Chairman: Very well.

Mr. Renwick: Are you asserting your right as minister, but not a member of the committee, to now speak?

Mr. Chairman: I have just ruled that the minister will have a chance to speak and make his opening remarks with regard to Mr. Lindley's comments.

Mr. Renwick: On each presentation before us?

Mr. Chairman: If the minister requests that, yes. He had indicated to me before Mr. Lindley spoke that he wanted to—

Mr. Renwick: That's all right, I'm not challenging your ruling. All I'm simply saying is, your ruling is that if the minister has anything to say, which I doubt, that after each presentation is made the minister will speak first and that will be the end of his intervention. Is that right?

Mr. Chairman: No, I think at the last meeting everybody, party by party, had the opportunity of speaking. I give every person on the committee here an equal chance to speak. I'm sure the minister should have some degree of responsibility to answer some of the questions and some of the comments that have been made by the witnesses.

Mr. Renwick: As usual, Mr. Chairman, you and I never argue.

Mr. Chairman: That's correct, Mr. Renwick.

Mr. Renwick: The point simply is what are the rules governing the intervention of the minister in these matters? I have no problem as long as I understand what the rules are as to whether the minister wants to intervene at the beginning on each matter or at the end.

Mr. Chairman: I think, Mr. Renwick, the minister should be entitled to reply. After all it's his ministry that's in question here.

Mr. Renwick: What I am saying is that I take it then that your ruling means that after each presentation the minister will respond and then he will shut up for the rest of the evening.

Hon. W. Newman: No.

Mr. Renwick: What is the minister's interpretation of his authority?

Hon. W. Newman: Mr. Chairman, by the standing order under which this whole matter was referred to the resources committee, it is to consider the 1977 annual report of the Ministry of Agriculture and Food. I believe, if you recall, that that was the motion brought forward by the Leader of the Opposition (Mr. S. Smith).

Mr. Nixon: The report of the Minister of Agriculture and Food.

Hon. W. Newman: Right, the report of the minister. In the last session on Wednesday morning, I think I was quite fair in asking a very few short questions, many on points of clarification. Then at some later date I was to be allowed to ask further questions, but by and large the committee has a right to ask questions.

Mr. Renwick: After each statement is made you are going to respond and that will be the ministry's response, is that right?

Hon. W. Newman: I would like to ask one or two questions. In this case, there are two questions I would like to ask Mr. Peter Lindley to clarify a situation. Then certainly at some later date I would like to reserve the right to ask a further question as the discussions go along.

Mr. Chairman: Please go ahead.

Mr. Renwick: That makes very good sense as long as we understand what you are doing.

Mr. Chairman: You have the floor.

Hon. W. Newman: I think it was very clear yesterday morning, Mr. Chairman.

Mr. Lindley, first I would like to thank you for coming back again tonight after you were due to speak yesterday. I do appreciate it. Having just seen your brief tonight, I would like to ask you, just for clarification: on page 2 of your brief, the first paragraph about three-quarters of the way down, you say: "Annually there are some \$60 million worth of fruit and vegetable crops produced in southern Ontario without the advantage of marketing legislation." As a point of clarification, there isn't a commodity in the province of Ontario for which growers could not have a marketing board if they so wished, is that correct?

Mr. Lindley: That's correct. It's a case that the growers have not taken forth a petition to ask for legislation that would cover them.

Hon. W. Newman: Fair enough. Secondly, I would like to refer to your news release dated May 4, and also to correspondence dated June 4, 1972, by Mr. Barney Goodwin Wilson, who was secretary-treasurer of the Ontario Fruit and Vegetable Growers' Association, which was brought up in the Legislature, I believe by the former Leader of the Opposition, the member for Brant-Oxford-Norfolk (Mr. Nixon). To refer back to that, I would ask you, as a result of the June 4, 1972 letter which was quoted in the House the other day, are you satisfied with the response that the Ontario Food Council gave at that particular point in time in 1972 regarding the two per cent fast discounts?

I am sure you are aware of the letter and that the practice was discontinued as a result of the efforts of the Food Council.

You also mentioned in your brief and in your news release that your association welcomes the commitment of the chief produce buyer for Loblaw's. You go on to say something about Dominion. The two per cent discount practice was discontinued. Are you satisfied that the food council or the ministry acted on those complaints sufficiently to satisfy your association?

Mr. Lindley: To answer the first question on the letter of May 26, 1972, as a matter of fact I had not reviewed that in our files prior to this present situation. As a result of the letter being discussed in the Legislature, I did review the letter. I suppose the fact that I couldn't recollect the letter having been sent, since I was a member of the executive at that particular time, is indication enough that there was a resolution to that situation. Although the executive and the staff of Ontario Fruit and Vegetable Growers' Association has changed since that time, I have a great deal of confidence in the people who were elected to those positions that they would have pursued it had there not been a resolution of it.

[8:30]

To answer the question about whether the discount practices have been terminated by those concerned, we have a letter from Loblaw's indicating that they will discontinue their program. We don't have anything in writing from Dominion Stores, but I understand—and I would accept your indication in the House—that that practice would also be discontinued. Since we are only beginning to come into our 1978 production season, we will be monitoring to ensure ourselves that those situations have been corrected.

Hon. W. Newman: I would be glad, Mr. Chairman, to produce letters from Dominion Stores and from Loblaw's saying the practices have been discontinued as a result of the efforts that we've put forward.

Your letter signed by Mr. Wilson on June 14, 1972, would indicate that—

Mr. Renwick: Is that an exhibit?

Mr. Nixon: It was May 26.

Hon. W. Newman: No, the answer was. Would you like me to read it into the record? I would be glad to if you'd like.

Mr. Nixon: For clarification, Mr. Chairman: The minister has used the June date. The letter signed by Mr. Wilson is dated May 26, 1972.

Hon. W. Newman: You're quite right, May 26. The answer on June 14, to the Hon. William Stewart, Minister of Agriculture and Food, is signed by Mr. Wilson. "Dear Mr. Stewart:

"On behalf of the executive of the Ontario Fruit and Vegetable Growers' Association and our many members, we wish to thank you and the members of the Ontario Food Council for the expedient manner in which they handled the two per cent trade practice instituted by Dominion Stores Limited. The manner in which this was handled again indicates the extreme concern that you have for the position of the producer in the competitive marketplace."

Mr. Renwick: If that is now going to be an exhibit, I would ask the chairman to ask counsel for the committee to start to record these documents as exhibits, so that we all have them. Is that possible?

Mr. Chairman: We'll call on our legal counsel to answer that question.

Mr. Poole: There's no reason why that shouldn't be done. I agree with Mr. Renwick. Could we have that mimeographed? The minister will want the letter back, and you'd be satisfied with a photocopy, Mr. Renwick?

Mr. Renwick: Provided the minister—

Mr. Chairman: Are you all through, Mr. Minister?

Hon. W. Newman: If I could just find Dominion Stores' letter, if you have not heard from them. They sent it out to all their people. I don't have it here with me. Unfortunately, I don't think anybody from the staff is here who has a copy, but I do have a letter from Dominion Stores—we also have one from Loblaw's—indicating the two per cent discount has been discontinued.

Mr. Renwick: We're going to get copies of those?

Hon. W. Newman: They're public information, as far as I'm concerned.

Mr. Nixon: This is the second time it's been discontinued. Is that right?

Hon. W. Newman: In 1972 there was the case in question with the Ontario Fruit and Vegetable Growers' Association.

Mr. MacDonald: It's like the smoker who tops every week.

Hon. W. Newman: As far as I'm concerned, you can have copies of them. I don't have it with me, but—

Mr. Nixon: On a point of order, Mr. Chairman: Since the minister is agreeing to provide these documents, the only document that

was available to me and resulted in the question the minister is referring to is the letter signed by Mr. Wilson, the secretary-treasurer of the Ontario Fruit and Vegetable Growers' Association, dated May 26, 1972. Would it be possible for the minister to provide the full file of the correspondence? Since he read the letter, also signed by Mr. Wilson, thanking the minister or the chairman of the food council for the expeditious action, perhaps we ought to know what the action was and what the letter was that resulted in Dominion withdrawing that practice.

If we're going to make an exhibit of that, it would be very helpful, since it sounds like it's almost the identical practice that was raised in the Legislature a few weeks ago by my leader; that is, the deduction off the producers' selling price.

Hon. W. Newman: Mr. Chairman, as I say, I don't want to take too much of your time. I want to give everybody else an opportunity to talk.

Mr. Renwick: You're taking our time, as a matter of fact.

Hon. W. Newman: Both the letter to Hon. William Stewart and the letter to Mr. D. H. W. Henry, director of investigations, Combines Investigation Act, were involved in that correspondence; and I would be glad to have those done, too, if you like.

Mr. Nixon: It was referred to the combines investigation officials?

Hon. W. Newman: There was a letter addressed to Mr. Henry, signed by Mr. Barney Goodwin Wilson, with carbon copies to D. E. Williams, chairman of the food council, Ontario Ministry of Agriculture and Food, Mr. G. Long, and Mr. T. Wright. The letter was sent to Mr. Stewart, with copies to Mr. Williams, Mr. McNally and the executive, I guess, of the association. So I'm quite prepared to have copies—

Mr. Poole: Those letters are all referable to the same managers?

Hon. W. Newman: Right.

Mr. Renwick: Is there any other information which the minister has which would be helpful to the committee? Why don't we stop playing around. Have you other documents that you want, in a forthcoming way, to indicate to us, because my friend, the member for Brant-Oxford, agrees with me. Are we game playing? Have you a lot of documents?

Hon. W. Newman: Mr. Chairman, I was referring to a matter that was raised in the House the other day by the Ontario Fruit and Vegetable Growers' Association. I am prepared to table the correspondence we have

on that particular matter. I'm also referring to letters we received from Loblaw's and Dominion Stores regarding the two per cent discount that has been discontinued.

Mr. Renwick: I defer to my colleague.

Mr. Lewis: On a point of order, Mr. Chairman: Did the minister say he had a letter from the combines investigation branch relating to the earlier 1972 incident?

Hon. W. Newman: No, I did not say that.

Mr. Lewis: Nothing?

Hon. W. Newman: Nothing in the correspondence. There was a letter sent to them by Mr. B. G. Wilson at that point in time.

Mr. Lewis: Sent to them?

Hon. W. Newman: Yes, and copied; but a letter went to William Stewart as well at that time.

Mr. Nixon: No acknowledgement?

Hon. W. Newman: Not in my files. No.

Mr. Renwick: Pardon me, what do you mean by not in your files?

Hon. W. Newman: Mr. Chairman, I have asked for all the correspondence.

Mr. Renwick: If you asked me what I had in my file I had practically nothing. What have you got in your file?

Hon. W. Newman: Mr. Chairman, I have in my file the correspondence relating to this particular matter. I think this is all the correspondence that I have at this point in time, and I am prepared to file it.

Mr. Swart: May I ask, Mr. Chairman, just on a point of clarification; was it referred to the combines investigation branch by the Ministry of Agriculture and Food or by the Ontario Fruit and Vegetable Growers' Association?

Hon. W. Newman: The problem was solved by the Ontario Food Council. The practice was discontinued. But a letter was sent by Mr. B. G. Wilson to Mr. D. H. W. Henry, director of investigations and research, Combines Investigation Act, Department of Consumer and Corporate Affairs, Canadian Building, 219 Laurier Avenue West, Ottawa, Ontario.

Mr. Renwick: He sits on the bench in Ontario so we cannot question him any more. Did you get a reply?

Hon. W. Newman: No.

Mr. Renwick: No reply.

Hon. W. Newman: Not in my record.

Mr. Renwick: I am not trying to put the minister on the spot at all. I want the minister to search diligently to find out whether or

not David Henry responded to that letter. He is a person who responded always to the most innocuous letters that anybody could write to him.

Mr. Nixon: You ought to know.

Mr. Renwick: Would you undertake to give this committee any information that you have had, not only in reply to that letter but with respect to the Combines Investigation Act and the federal ministry, whatever it is? We just want to know, we are not searching.

Hon. W. Newman: The copy was dated June 14, 1972, addressed to Mr. Henry, signed by Mr. Wilson and was carbon copied to the Ontario Food Council, Mr. G. Long—I guess that was Gerry Long—and T. Wright. I am not exactly sure who that was at that point in time. But according to the records I have here I don't have responses because it wasn't sent to the minister at that time, the former Minister of Agriculture and Food. It could have been answered directly—to Mr. Wilson by Mr. Henry, I don't know.

Mr. Renwick: Will you have a diligent search made in your ministry to produce any response or subsequent correspondence of any kind with respect to that question? Will you undertake that?

Hon. W. Newman: Mr. Chairman, I will be glad to undertake it.

Mr. Renwick: Thank you.

Mr. Eaton: Could we request, since the letter was sent by the Ontario Fruit and Vegetable Growers' Association, that if they have a response to that letter they could forward the letter to the ministry?

Mr. Lindley: We will be certainly very pleased to search our files tomorrow.

Mr. Chairman: You can provide us with that information then, Mr. Lindley, if you have it?

Mr. Lindley: Yes we certainly would be prepared, Mr. Chairman.

Mr. MacDonald: Is the minister finished?

Hon. W. Newman: There are two questions I have, Mr. Lindley. One is regarding marketing boards—

Mr. MacDonald: Before we leave the point he raised—I know you have a speakers list but it seems to me the minister has intervened and has raised some very important point that are as important to him as they are to Mr. Lindley.

For example, the minister said that the food council solved the problem in 1972. Mr. Lindley said that he learned in January that it was in existence. In fact his press release said it has been in existence for a year.

Hon. W. Newman: We are talking about two different matters.

Mr. MacDonald: Rebates?

Hon. W. Newman: No, no; we are talking about two different periods of time. We are talking about 1972 and the most recent one.

Mr. MacDonald: I realize that, that is the point I am getting to. You said the problem was solved in 1972. What do you mean when you say the problem is solved if we discover that the thing has been going on, who knows how long, in between?

Mr. Lindley's press release says that Loblaw's had been paying it for a full year, and in another place in his statement tonight he says he first learned of it in January of 1978.

A problem solved is a problem solved. Mr. Lindley said they were going to monitor it. Is it Mr. Lindley's responsibility to monitor it or is it the food council's to monitor it in a continuous way so that, having solved the problem, they are not asleep when the problem re-emerges?

Hon. W. Newman: I think this all is documented in Hansard about the case that happened just recently. This was a case of a fast payment discount—is that not correct? I think it was a fast payment discount at the earlier time.

Mr. Lindley: In 1972.

Hon. W. Newman: In 1972, right. That matter was resolved by the Ontario Food Council. The letters that you will be receiving copies of will confirm that. The most recent one that was brought to my attention, I think, was on April 27—I can't remember the exact date. Contact was made with both Loblaw's and Dominion and they quite willingly discontinued the practice.

Mr. MacDonald: Are you making the point that what happened in 1972 was a fast discount rebate?

Hon. W. Newman: Either that or a prompt payment discount, whatever you like to call it.

Mr. MacDonald: And what we have today is a different kind of discount? And the food council has to be alerted by somebody every time some sort of a discount creeps into the picture?

Hon. W. Newman: No, I covered that very thoroughly in the House and in committee on Wednesday.

Mr. MacDonald: We will get back to that then. I don't want to usurp your list, Mr. Chairman.

Mr. Chairman: I have been advised by the clerk of our committee that the usual format here is for legal counsel to cross-examine the speaker. Is it the wish of the committee then that the legal counsel be given first opportunity to question the witness?

Mr. Renwick: Mr. Chairman, there is no rule about that.

Mr. Chairman: I have been advised by the clerk—

Mr. S. Smith: There is no rule of that kind.

Mr. Wildman: No, there is no rule of that kind.

Mr. Chairman: I am just asking you.

Mr. S. Smith: We discussed this yesterday.

Mr. Chairman: This is the usual practice. No, we did not discuss it yesterday.

Mr. Wildman: On a point of order, it is up to the committee to determine this. There is no problem, I think, with having counsel—

Mr. Chairman: I just asked the question to clear the air.

Mr. Wildman: —but it is up to the committee to determine if the committee wishes—

Mr. Chairman: That is exactly what I am asking you. Are you in favour of allowing our legal counsel to—

Mr. Wildman: No. We would prefer to have the counsel wind up, I think. I think that would be acceptable.

Mr. Chairman: Very well, if that is the wish of the committee. Is that the wish of the committee?

Mr. S. Smith: My wish, if you care to know it, is that the legal counsel, on each particular witness, give us an indication of whether he would like to speak first or last. At that time I am quite prepared to accommodate him. But we discussed this very matter yesterday and decided we would not have a general rule of this kind.

Mr. Chairman: I don't think we discussed it—

Mr. S. Smith: We did discuss it yesterday, check it in Hansard.

Mr. Chairman: The matter of legal counsel, no.

Mr. S. Smith: Yes, we did.

Mr. Renwick: On the point you raised, I don't want, and I am sure the Leader of the Opposition doesn't want, to get us into some rigid format, but I think if at any time counsel to the committee, not counsel to anybody else, indicates that he feels it would be helpful to participate and then withdraw and then participate again, that is fine. No

problem, but let's not get ourselves into a rule about this.

Mr. Chairman: That is fine, Mr. Renwick. Mr. Smith please?

Mr. S. Smith: Yes, I would like to ask the witness a few questions, Mr. Chairman.

[8:45]

First of all you did say that you would check your files to see if a response was ever received from the combines investigation branch and you would let us have any copy of the letter that you may come up with.

Do you know whether your organization has referred the most recent example of the two per cent discount to the combines investigation branch?

Mr. Lindley: No, we haven't. He has not done so.

Mr. S. Smith: I have here a letter, Mr. Lindley, from Loblaw's to yourself, dated May 8, a photostat copy of the letter. It says in part: "As you are aware, certain questions have been raised concerning the practice of some shippers and growers of Ontario produce offering a two per cent rebate to purchasers of their produce."

Mr. Renwick: A point of order.

Mr. Chairman: Mr. Renwick, would you please let Mr. Smith continue?

Mr. Renwick: On a point of order, could we have a copy of that document?

Mr. S. Smith: Certainly. It is very brief and I would be delighted to circulate it. To continue: "This practice was not initiated by our company and was first offered to us as a result of an unsolicited voluntary offer."

It also says: "We wish to confirm with you that such a rebate has never been a condition of your doing business with our company. In so far as our company is concerned, our business relations with you will not suffer in any way by reason of your cancelling such a rebate program." It is signed by Mr. P. J. Pappas, vice-president, produce merchandising, Loblaw's.

I would like to ask you basically two questions on that, Mr. Lindley: In your statement you say that you were informed verbally and in confidence of a practice being used by a chain store in payment for Ontario produce. Is it your understanding, from the information you were given verbally and in confidence, that the two per cent rebate was offered by the producer rather than demanded by the chain store? Was it your understanding that the practice, as said in the letter, was not initiated by the chain store but was first offered as the result of

an unsolicited, voluntary offer? Is that what your information was?

Mr. Lindley: Mr. Smith, my information, as I received it at that time, was that a grower, or growers in this instance, had not been asked to pay the two per cent. It was a shipper who was in that situation; and to my knowledge certainly it was not offered.

Mr. S. Smith: So let me get this straight: a shipper was asked by the company to provide a two per cent discount. It was not initiated by the shipper, but as far as your information goes—and I realize this is second-hand—it was not first offered to the company as a result of an unsolicited, voluntary offer?

Mr. Lindley: That is correct.

Mr. S. Smith: Furthermore, regarding the other paragraph in this letter, which says that such a rebate has never been a condition of doing business with that company, is it your understanding—again only from the information you have been given—that the shipper involved, and/or the grower, depending on the situation, felt that it was a condition of doing business? Do you have any evidence that was ever presented to you to indicate that it was a condition of continuing to do business with that company?

Mr. Lindley: No, we have no evidence to indicate that it was a condition of doing business with that company. But certainly we have our suspicion that if that practice was not carried out then there could be some volume reductions going to that particular company.

Mr. S. Smith: And these suspicions are based on what?

Mr. Lindley: I suppose they are based on common sense that says if you don't comply with our requests—if you don't play our game—then you can't play.

Mr. S. Smith: Fair enough. But you have no other evidence than just what you call common sense?

Mr. Lindley: No, we don't.

Mr. S. Smith: On the first page of your statement this evening, at the very bottom, you say that your association, "has seen no evidence that growers or marketing boards of fruit and vegetables were ever directly involved in any discount program." I take it then that statement simply stands on its own. You have seen no evidence. Have you heard any evidence? Have you heard any indication that such may exist?

Mr. Lindley: Yes, that statement stands on its own. We have heard of the possibility

of growers being involved, and that has come through to us via two or three hands.

Mr. S. Smith: Are you in a position to give us any of the names of people who were involved in this way?

Mr. Lindley: We don't know the people, we don't know the names. It came through two or three hands, we don't know the names of the people. As I indicated in my statement, the Ontario Fruit and Vegetable Growers' Association would be reluctant, and is reluctant, to give out any names or any quotes from any individual, for the reasons I have alluded to in the presentation.

Mr. S. Smith: I want to get back to that in just a moment.

You have on the bottom of page two made reference to the vulnerability of the industry to these discount practices which you say may stem from the perishability of fresh fruits and vegetables. Could you explain that somewhat? Naturally, we can appreciate that anybody with a product to sell that will not store is perhaps more vulnerable than somebody whose product can be stored.

Is there anything more specific that you care to tell us about the perishability matter?

Mr. Lindley: That's how the statement is made, Mr. Smith. That's the intention: that the vulnerability relates to the perishability, based on the fact that the product won't store; therefore, it has to be moved.

Mr. S. Smith: Have you ever heard of any rumours or do you have any evidence of any practice whereby a large purchaser of produce might in some way deliberately create a backlog of the produce so that he can then demand that in order to move this now created surplus he has to have a discount, even a discount from the marketing board price for that matter? Have you ever had any suspicions of a practice of that kind?

Mr. Lindley: We haven't had any evidence at this particular time, as related to the discount practice, that this might be a possibility.

I think we have always had some concerns, and I suppose it's part of doing business as a merchandiser, which the chain stores are, that in the phasing in and phasing out of a crop season in Ontario—and certainly in fresh fruits and vegetables we have to phase in and phase out, except perhaps for stored onions—if the local product is not in sufficient volume to attract the interest of the merchandiser then he may buy his supply from the United States or any other place.

As a result of that, and particularly if weather conditions happen to change, we have run into situations where we then have

had a backlog. I wouldn't say it relates at all to the present discount discussion.

Mr. S. Smith: In those circumstances, because of buying from the United States due to changes in weather, have you ever had any suspicion, has anybody ever brought to your attention any suspicion, that the surplus thus created and the discount thus necessitated to move the surplus was created deliberately for the purpose of causing a situation where you would have to offer the discount?

Mr. Lindley: No, I don't think anybody has. To my knowledge, nobody has brought to me, or I'm sure to the association with the present staff, any indication that this was a forced situation.

Mr. S. Smith: Going back to the letter from Mr. Pappas to yourself—a letter which it seems to me in answering my questions this evening you have in some way contradicted—did you, in fact, reply to Mr. Pappas's letter of May 8, 1978, and did you set him straight on these allegations in his letter about the voluntary nature of these offers and so on?

Mr. Lindley: No, we have not replied to Mr. Pappas's letter. We have distributed this letter to the executive of the Ontario Fruit and Vegetable Growers' Association and will be answering it following an executive meeting which will be held shortly.

Mr. S. Smith: Will it be your intention, in answering that letter, to set straight those particular allegations which are contained in the two paragraphs of his letter?

Mr. Lindley: I would expect that we will be considering this letter in that executive meeting and taking the advice from the executive. From our submission tonight, it would indicate that the offering of a two per cent is wrong in our estimation and we would be setting the record straight.

Mr. S. Smith: Do you know of any instances in which growers did, in fact, find that when the cheque arrived following the invoices they sent to the chain store, the cheque arrived with a discount having been taken off, a discount of six or seven per cent? Do you know of any instances of that kind?

Mr. Lindley: No, we don't, Mr. Smith; and I can honestly say we don't have anything in the rumour mill that has been telling us of this situation. We have heard on the rumour mill that there could be something more than the two per cent, but we certainly have not heard an indication of the levels you have just quoted.

Mr. S. Smith: Mr. Lindley, if I could right now introduce such a grower and introduce that grower to the committee, provided the committee were willing, would you be willing to step down for a moment, only with the committee's agreement, so that we could hear from that grower?

Mr. Lindley: I would consult with my legal counsel. Certainly I see no reason why not. I'm here, supposedly, to try to represent all of the fruit and vegetable growers' interests to the best of my ability. I see the situation as one that would be best cleared up. If that's the situation that exists, I would like to know about it.

Mr. S. Smith: Mr. Chairman, do I have the committee's permission to call this witness for a moment?

Mr. Chairman: What is the opinion of the committee then? Those in favour of having another witness appear?

Mr. Renwick: On a point of order, the only question I would ask is, is he a member of the association of which Mr. Lindley is the president?

Mr. Chairman: You'll have to ask Mr. Smith that.

Mr. Renwick: No, I'm asking whether or not he is a member. I'm not going to ask Mr. Smith or anybody else.

Mr. Chairman: I don't think Mr. Lindley knows who the next witness is.

Mr. Lewis: He is a member.

Mr. S. Smith: He is a member.

Mr. Renwick: He is a member of the association of which Mr. Lindley is the president?

Mr. Lindley: That's right.

Mr. Renwick: Then I have no problem.

Mr. S. Smith: Mr. Lindley will be recalled. I'm in your hands. If you'd like to hear this witness, Mr. Lindley, I'm sure, would be willing to wait.

Mr. Chairman: Is it the wish of the committee that the witness appear? Those in favour? Those against?

Agreed.

Mr. S. Smith: May I ask the member for Kent-Elgin sitting on my right to take the witness stand?

Mr. Renwick: He is the member? Will he disclose his interest and refrain from voting on this committee?

Mr. McGuigan: I did refrain on that.

Mr. S. Smith: I can see no reason why he should. Has the member for Riverdale always

failed to vote on matters affecting the legal profession?

Mr. Renwick: No, but I'm always concerned when the Liberal Party is cute and precious. They're being cute and precious tonight. We have had a lot of good examples of that.

Mr. Chairman: Go ahead, Mr. Smith and Mr. McGuigan.

Mr. S. Smith: Mr. McGuigan, I believe you are a grower of certain agricultural products, particularly fruit, and that you have been selling a number of these products to certain chain stores.

Mr. Chairman: Just excuse me a minute, Mr. Smith. We've just been advised by legal counsel that we'll have to swear the witness.

Mr. S. Smith: Yes, certainly.

Mr. Lewis: This is so unprecedented.

Mr. Chairman: It is reassuring.

Mr. Lewis: That's why I'm fascinated by the process. I've never seen this before in all the years I've been here.

Mr. Poole: A politician who has to tell the truth.

Mr. Lewis: I never thought about asking my caucus mates what they did for a living, James McGuigan, sworn.

Mr. Chairman: Thank you very much, Mr. McGuigan. Please go ahead.

Mr. S. Smith: Mr. McGuigan, can you give us some information then, regarding the selling of particular produce? Let's take for example, apples. I believe you have from time to time sold apples to some chain stores and on certain occasions you received a cheque in payment which clearly did not pay the full cost of your invoice. Would you like to tell us something of that experience?

[9:00]

Mr. McGuigan: Yes, I have a statement with me of February 3 of this year for fruit delivered to the IGA Store, this particular one being in Wallaceburg, and a cheque from Loeb Company for \$235.92 and a discount of \$14.16, which I think comes out to six per cent.

Throughout the last several months or years we have been delivering to this store on a cash basis. They pay us for each load that we take in. Suddenly that procedure stopped as of February when they started to send us cheques. The first one we received was February 3, and we have received two or three since.

My son is now in charge of running the operation. I am not involved on a day-to-day basis because of my involvement here, and I

wasn't aware of this until possibly about three weeks ago. He called up the people on his own and asked them on what authority they had deducted the six per cent. He objected to it and said he wasn't going to supply them. They said, "Then add six per cent to your invoices", which we have subsequently done. I don't believe we have received a cheque as yet since the prices have been boosted by six per cent.

Mr. S. Smith: Let me be clear. The apples are a marketing board commodity, are they not?

Mr. McGuigan: Yes.

Mr. S. Smith: It would be an offence to sell these apples at less than the floor price, and yet of course you would effectively have done so if you had accepted as full payment the cheque which had come discounted below the floor price. When your son got in touch with Loeb Company he was given, to your understanding, the response that he had better increase the price on the invoice—which was only the marketing board floor price—so that when the discount was still taken it would bring the price down only to the floor price. Is that correct?

Mr. McGuigan: Yes. He advised them that by doing this we were breaking the marketing board price. In the price schedule that is sent out by the Ontario Apple Marketing Commission they do allow a 50-cent-per-case deduction for products dropped at a warehouse for warehouse distribution to the store. However, in our case we dropped the products right at the store.

Mr. S. Smith: So that didn't apply.

Mr. McGuigan: Right.

Mr. S. Smith: Do you have any other stores with which you have dealt? Have you dealt with other chains selling similar products?

Mr. McGuigan: Yes. As a matter of fact our family is in the third generation with one particular chain, and I have invoices and statements from them that show no deduction.

Mr. S. Smith: So that chain did not deduct any. What was the name of that chain?

Mr. McGuigan: That is Dominion Stores.

Mr. S. Smith: Dominion did not discount your invoices at all when they paid the cheque, but Loeb did discount them six per cent. Were all the bills discounted six per cent?

Mr. McGuigan: Yes.

Mr. S. Smith: Was this an agreement that you ever made with them? Did you ever offer

them a six-per-cent discount? Is that something you did to promote sales?

Mr. McGuigan: No, never. They are actually a very small part of our business. We have never engaged in any of this sort of activity.

Mr. S. Smith: Did you or your son or anyone else in your firm at some point refuse to pay the discount, and say: "Why should we pay this discount? We don't wish to pay it"?

Mr. McGuigan: No, we have never done this. I have always felt that perhaps it was worth something to us to have a discount from this company in view of the fact that many of the IGA stores are not company-owned, but are owned by private individuals, many of whom go into this business on very poor financing. I have never had occasion to test it, but I always thought there was some safeguard that my bill would be paid by virtue of the fact that you would get a check from Loeb. However, I think they all would agree that six per cent would be an exorbitant rate of interest to pay for such protection. I don't even know if we have that protection because I haven't seen it tested. I think arguments could be made that perhaps it was worth a very small fee.

Mr. S. Smith: I don't want to prolong this. Basically, you never offered such a discount. You have not refused to pay it so you don't know what would be the consequence of such refusal. Is that correct?

Mr. McGuigan: That is correct: It was never offered.

Mr. S. Smith: You never offered, it was simply imposed on you. When brought to the attention of the company, inasmuch as it might have contravened marketing board regulations, the only answer was simply, "Increase the price."

I will just ask you a question on that. You may not know the answer to this but if you do, perhaps you could share it with us. Once the company has your invoice in hand, which is at a higher price than they are effectively paying because of the discount which they take when they send you the cheque, do you know whether the company then charges the local store according to the higher invoice which you have in hand or according to the real cost which the company bears, keeping in mind the discount they take off your invoice price?

Mr. McGuigan: No, I don't know.

Mr. S. Smith: You don't know this for a fact. Perhaps we can find that out. I, at this

point, have no further questions of this witness.

Mr. Eaton: You indicated that this started on February 3. Did you at that time report to the apple marketing commission that their prices were being—

Mr. McGuigan: No, I did not; I wasn't aware of it.

Mr. Eaton: When you found out three weeks ago, did you report it?

Mr. McGuigan: No. We did report it to Loeb, though.

Mr. Eaton: Did you report it to the Ontario Fruit and Vegetable Growers' Association?

Mr. McGuigan: No.

Mr. Eaton: Why not? When this question was being discussed in the House, why didn't you report it to your association? Did you report it to the Ontario Food Council?

Mr. McGuigan: No, I did not.

Mr. Eaton: Why not?

Mr. McGuigan: This practice has been going on for many years. If you go back to the inquiry that was made in 1969, many recommendations were made in that inquiry but nothing came of it.

Mr. Eaton: Are you saying that you condoned that practice by not reporting it and by saying that it has gone on for a while?

Mr. McGuigan: No, I do not condone it. That's why I am here.

Mr. S. Smith: That's why he's here right now.

Mr. Eaton: I simply cannot understand why you didn't report it before this. You just wanted to use it for dramatics here, I guess. I would like to ask a further question.

Mr. S. Smith: Why are you defending the chain stores?

Mr. Chairman: One speaker at a time.

Mr. Eaton: I am not defending the chain stores; I was just trying to find out why he wouldn't report such an action when it was going on. When they informed you that you should increase your price, you did this.

Mr. McGuigan: Yes.

Mr. Eaton: Why did you do this without reporting the practice, without doing anything about it? Did you feel that there was something wrong at that point?

Mr. McGuigan: The prices are minimum prices, they are not maximum prices. There is nothing wrong with increasing my prices.

Mr. Eaton: So the prices they were being sold at previous to that were at minimum

prices. They were the minimum board prices at that time.

Mr. McGuigan: Yes.

Mr. Eaton: Mr. Chairman, could we have those invoices documented and made part of the evidence? And the cheques?

Mr. Chairman: Yes.

Mr. McGuigan: I don't have the cheques. I have the statements. The cheques have gone back to the company.

Mr. Eaton: Could I ask you a further question. Was there any change in relationship or practices with Loeb and some of their local stores at that time, where they became the agent for handling this and were actually charging that six per cent for handling the sales to some of these local stores?

Mr. McGuigan: I really don't know.

Mr. Chairman: All through, Mr. Eaton? Mr. MacDonald.

Mr. MacDonald: I can say to Mr. McGuigan that I think it is extremely useful to have this kind of evidence, because it is difficult to get hard fact evidence. But there is one aspect of it that concerns me if I understand it correctly. You invoiced these apples at the regulated price established by the board?

Mr. McGuigan: Yes.

Mr. MacDonald: When they reduced it below the minimum and therefore broke the law, did you not feel that you or your son, whenever you learned it, whether it was three weeks later or six months later or what, should not have reported that to a board because it was a breach of the law?

Mr. McGuigan: I am reporting it now.

Mr. S. Smith: They brought it to Loeb's attention and asked them if they intended to break the law, and they said, "Oh, we didn't realize that."

Mr. MacDonald: Mr. Chairman, do I have the floor at the moment or does Mr. Smith continuously have the floor?

Mr. Chairman: One speaker at a time, please. I must ask the members of the committee to refrain from interjecting.

Mr. MacDonald: My question is not with regard to IGA, Loblaw's and others, because we will find out what their practices are now.

My question to Mr. McGuigan was that when it was a breach of the law of his own marketing board, why was it not immediately reported to the marketing board. Because as the statement was given by Mr. McGuigan, and it was repeated many times in the House, farmers aren't going to get less in a regu-

ted price than has been established by the
pard. That would be breaking the law. Do
you not feel you had an obligation to report
this, because it was happening widely as you
say—report it to the board so that the board
could zoom in?

Mr. McGuigan: There is a lot of evidence
that this has been done in the past, as
ought out by the letters and the inquiry,
and nothing ever came of it.

Mr. MacDonald: Mr. McGuigan, you're
not dealing with the point I want. I know
there's a great deal of suspicion. This is one
piece of evidence in which the practice could
have been nailed. It could have been stopped
by a suit in court and the appropriate penalty
applied.

Why would you not see that upholding the
law was in the interest of making your mar-
keting board and its regulated price effec-
tive?

Mr. McGuigan: I think three weeks is
pretty prompt.

Mr. Chairman: Any further questions, Mr.
MacDonald?

Mr. MacDonald: This really disturbs me.
I appreciate this hard evidence, but I am
a little disturbed that a grower, who has
been in building the marketing board, has
been in the blood, sweat, and tears of
building the process by way of getting a
regulated price, finds that the price is being
reached yet he wouldn't immediately in-
form his board. Not through the political
process here, but through the process where
it can be corrected by a necessary suit. I
just don't understand why it wasn't done.

Mr. Eaton: I have a further question, Mr.
Chairman. When did Mr. McGuigan inform
his leader of this—

Mr. Chairman: Order; the minister is next.

Hon. W. Newman: First, I'd like to thank
Mr. McGuigan for coming forward. As I said
before, we need cold, hard facts. We've had
a lot of allegations. I have one or two ques-
tions I'd like him to answer for me because
I'm not familiar with this.

When there is a breach of any marketing
board's regulations you have the opportunity
as a producer to go to the produce arbitra-
tion board. Did you at any time consider
attempting to go to the produce arbitration
board?

Mr. McGuigan: I'm afraid I wasn't aware
of the produce arbitration board.

Hon. W. Newman: I'm sure your apple
marketing commission would be fully aware
of the produce arbitration board.

Mr. McGuigan: Maybe they weren't.

Hon. W. Newman: That's why the Farm
Products Grades and Sales Act was set up,
to protect producers from this sort of situa-
tion. You say it's been going on for a long
time. For how long has this six per cent
been deducted, or overbilled or whatever?
You've been dealing with IGA, I believe you
said, is that correct?

Mr. McGuigan: Yes.

Hon. W. Newman: How long has this
practice been going on with you?

Mr. McGuigan: It just started two months
ago.

Hon. W. Newman: You gave a date, I
believe, of February 3, 1978?

Mr. McGuigan: Yes.

Hon. W. Newman: Is that the first time
you've sold to IGA?

Mr. McGuigan: There were times many
years ago when we had these things.

Hon. W. Newman: Yes. When you sold
to IGA many years ago, did they deduct at
that point in time?

Mr. McGuigan: Yes.

Hon. W. Newman: Then I want to ask
you a question for clarification, because as
I say I do appreciate your coming forward.
You say IGA is independently owned. I
think you meant to say they're independently
operated, is that correct?

Mr. McGuigan: As I understand it, there
are some stores that are actually owned by
the head office and there are some owned by
sort of franchises.

Hon. W. Newman: Whether it's the
Oshawa Group or Loeb, they do the actual
billing for IGA depending on which area
they're working in, is that correct?

Mr. McGuigan: Yes.

Hon. W. Newman: I assume your cheque
came from Loeb in this particular case.

Mr. McGuigan: Yes.

Hon. W. Newman: You took it directly
to the IGA store?

Mr. McGuigan: We delivered the product
to the IGA store.

Hon. W. Newman: Did the manager of
the store at that point in time—and this is
what I think is the important point—tell you
that on all produce sold through their store,
IGA, there was a percentage they paid to
head office for promotion, marketing, and
so on and so forth? Did the manager or
owner of that store inform you that he had
an obligation to head office, whether it was

Loeb or Oshawa or whoever else, to pay a mandatory percentage payment, five, six per cent or whatever, to head office because he was part of an overall situation where he bought in quantity?

Mr. McGuigan: Not to my knowledge. It might have happened, but not to my knowledge.

[9:15]

Hon. W. Newman: I'm not defending the stores, and I appreciate you as a producer coming forward here, but I do know in some cases where it's a chain—like IGA is owned by Oshawa or Loeb or whichever it is—they have to pay a percentage of their gross or net income, whichever it may be, to head office for invoicing, for advertising, for quantity buying and so on.

Mr. S. Smith: Why charge the supplier?

Hon. W. Newman: Mr. Chairman, have I got the floor?

Mr. Chairman: Yes.

Hon. W. Newman: I'm just asking you, did the manager of the store inform you of the store policies?

Mr. McGuigan: I haven't any knowledge of us being informed of it.

Hon. W. Newman: Fair enough. I just wanted to clarify that point, that was all.

Mr. Chairman: All through, Mr. Minister? Mr. Lewis.

Mr. Lewis: Mr. McGuigan, do you have personal knowledge of other growers of similar produce being similarly charged?

Mr. McGuigan: I don't have evidence. I'm like the other people, I have heard all these stories over the years, but I have no evidence.

Mr. Lewis: You are a member of the Legislature, sir. You have the invoices and you have the evidence that you were charged, or amounts deducted?

Mr. McGuigan: Uh, huh.

Mr. Lewis: Do you have any constituents whom you know to have had amounts deducted by IGA or other chains?

Mr. McGuigan: No.

Mr. Lewis: You have no other specific material beyond your own individual case?

Mr. McGuigan: That's right.

Mr. Lewis: If IGA began this practice on February 3, 1978, wouldn't it have been discussed in the farm community among those who supply?

Mr. McGuigan: I come from a very small fruit growing area. There are very few people supplying and delivering to these people.

And, of course, I have spent my time here since the end of February. I have had an opportunity to discuss those matters.

Mr. Lewis: When your son phoned IGA did they give him an explanation for the discount?

Mr. McGuigan: I wasn't part of the conversation. The main item that he told me was that he said that he just couldn't accept this.

Mr. Lewis: He told them he couldn't accept it, which I can well understand. But did they not say why it was discounted?

Mr. McGuigan: I don't know of anything they said about why it was discounted.

Mr. Lewis: Did he ask why it was discounted?

Mr. McGuigan: I couldn't really answer that.

Mr. Lewis: Were you not curious to find out why they discounted it?

Mr. McGuigan: I have been in the business long enough to know that they probably wanted the money.

Mr. Lewis: That's a fairly astute answer but I'm not utterly distracted by your sweet innocence.

I have had father-son conversations too and my father tends to grill remorselessly when the son does aberrant things. It's curious that you would have a conversation with your son in which he said, "Dad, I don't think it was very nice of them and I am asking for my money back," but doesn't report to you what they said or why they did it.

You have no idea, then, other than their wanting the money why they did it? They didn't give him an explanation? They didn't say this is the price of doing business with you?

Mr. McGuigan: No. They very quickly said add it to your prices.

Mr. Lewis: You said that your son pointed out to them that you would be in the position of breaking the law if you continued to accept the discount.

Mr. McGuigan: Did he point it out?

Mr. Lewis: Yes; did he point it out to them?

Mr. McGuigan: Oh yes. He pointed it out to them.

Mr. Lewis: Yes, he did do that. Just one last line of questioning, as a matter of curiosity. You learned three weeks ago.

Mr. McGuigan: Yes.

Mr. Lewis: In all of the exchanges in the House, sometimes quite heated and acrimonious over that period of time, did you never have an almost irrepressible instinct to get to your feet and say, "Hey look, Mr. Minister, I am a grower and I have hard evidence of a six per cent discount and all of your assurances that it is only two per cent—it's not true. I'm a member of this Legislature. I am in business. I have the material"? Did you not ever want to do that?

Mr. McGuigan: Perhaps so. I certainly hoped that more growers would come forward.

Mr. Lewis: Are you saying that even as a member of the Legislature you felt uneasy and anxious about revealing it? It's perfectly reasonable that would be the case, but are you saying that?

Mr. McGuigan: I felt somewhat uneasy, yes.

Mr. Lewis: You felt that, even as an MPP, there might be retribution?

Mr. McGuigan: Yes.

Mr. Lewis: Okay.

Mr. Nixon: Mr. McGuigan, when you or your son found that the price being invoiced was lower than the minimum price under the regulations, you informed Loeb of that fact. Is that so?

Mr. McGuigan: Yes, that's so.

Mr. Nixon: And their response was: "We did not know that. Just tack the money on"?

Mr. McGuigan: I don't know whether I said they said "We didn't know that." They just said, "tack it on."

Mr. Nixon: As a producer, you felt it was quite proper to get as much money for your apples as the buyer would pay; and there was no objection to having the price raised, since you are in the apple business to make a profit?

Mr. McGuigan: Right. It's a minimum price. On other occasions—not very often—we have charged more than the minimum price.

Mr. Nixon: You indicated that this particular practice began on February 3. I think you also indicated that it was your experience that it has been going on for a number of years, in certain products at certain times. Has it been usual that a discount has been charged?

Mr. McGuigan: From my contacts and knowledge in the industry, I would certainly say that it's been quite usual, yes.

Mr. Nixon: No. You did not get more than the minimum price at any time?

Mr. McGuigan: No.

Mr. Nixon: The reason I ask about it going on in the past is that the letter that the minister quoted—dated May 26, 1972, and it was raised in the House—indicates that the Ontario Fruit and Vegetable Growers' Association was aware specifically of the practice by Dominion Stores to deduct two percent and brought it to the attention of the minister; and they gave some indication that they were satisfied the practice was ended.

Is it your experience, I suppose in three generations, talking to your father as your son has talked to you, that this practice comes and goes, depending on the market or what?

Mr. McGuigan: I've never had it with any other company but Loeb's.

Mr. Nixon: And specifically not with Dominion.

Mr. McGuigan: Right.

Mr. Nixon: Okay, Mr. Chairman.

Mr. Yakabuski: Mr. McGuigan, a couple of points: You mention that prior to the date of this billing—was this February 3, 1978?

Mr. McGuigan: Yes. That's the date of the statement.

Mr. Yakabuski: A remittance statement from Loeb?

Mr. McGuigan: Yes, a remittance statement.

Mr. Yakabuski: Prior to that, you often delivered apples to the same store or to other IGA stores in the area?

Mr. McGuigan: This is the only store that I have.

Mr. Yakabuski: Was I correct in hearing you say that prior to this deal, or whatever you want to call it, you were paid in cash?

Mr. McGuigan: Yes.

Mr. Yakabuski: Was that cash in bills, or a cheque on the spot?

Mr. McGuigan: Cash in bills.

Mr. Yakabuski: Which do you prefer? Cash on the barrel head, as we used to say in rural Ontario, or do you like the cheques because it's simpler to do your bookkeeping?

Mr. McGuigan: When you're talking about 94 cents versus 100 cents, I like cash on the barrel head.

Mr. Yakabuski: Yes; but prior to this transaction of this past winter, this hadn't happened to you before?

Mr. McGuigan: It has happened in years gone by.

Mr. Yakabuski: But not recently.

Mr. McGuigan: No, not recently.

Mr. Yakabuski: Mr. Chairman, I have a funny feeling here. Mr. McGuigan's son calls Loeb and draws to their attention that six per cent has been deducted on the payment of the invoice, and Loeb tells his son, "On succeeding invoices, add six per cent." It wouldn't appear to me—this is my impression, Mr. Chairman—that Loeb is squeezing the producer; it would appear to me that there's some arrangement between the IGA store and Loeb where the six per cent has got to be.

I think the minister may have put his finger on it when he said that Loeb charge their various stores six per cent for handling. Because Loeb did not quibble about paying an additional six per cent and deducting it, giving you the minimum market price.

This is a common practice in various kinds of business—not only food—in the association or the group stores, whereby the distributor charges a five or six per cent for handling. It would appear to me that six per cent is really a handling charge. When the store was paying cash, he probably had to pay Loeb that six per cent. That's all I have.

Mr. Chairman: Thank you, Mr. Yakabuski.

Mr. McGuigan: Could I respond to that?

Mr. Chairman: Yes, go ahead, Mr. McGuigan.

Mr. McGuigan: I've been in the fruit businesses all my life, both as a producer and as a head of a co-operative, and have dealt in many levels. I have used the services of brokers on a number of occasions. I've always been happy to pay the brokerage to people who performed a function. I especially wouldn't think of going into a strange deal, an overseas deal, or into a market that I wasn't familiar with, without paying a brokerage to a legitimate broker who performed a function for me. There are many of these people in the industry who are well respected. They earn their money; I could go on and tell you how they earn their money.

I can't agree with Mr. Yakabuski that there was any service performed on the six per cent. I could agree that there might be something deducted from me on the basis that perhaps I was safer dealing with Loeb's than I was with an independent operator. But other than that there's been no service performed here in that six per cent, in my view.

Mr. Yakabuski: Mr. Chairman, are we going to have an opportunity to hear from Loeb's? Do we have the Oshawa—

Mr. Chairman: Yes, they'll be on the stand for this question.

Mr. Yakabuski: Then I'll reserve my questions on that until that time.

Mr. Wildman: Mr. Chairman, I'm interested in the comments of Mr. McGuigan that many years ago they dealt with IGA and they had this same practice at that time. Is that correct?

Mr. McGuigan: Yes.

Mr. Wildman: Do you know how many years you are talking about when you say "many years"?

Mr. McGuigan: Back in the late 1960s.

Mr. Wildman: Okay. At that time, did you or your son or whoever was running the business at that time inform Loeb that you would be breaking the marketing board price if—as you did this time?

Mr. McGuigan: No, I don't think so; although we went to the cash basis. I can't just tell you the date, but we did go to the cash basis.

Mr. Wildman: Once you went to the cash basis, this process ended?

Mr. McGuigan: Yes.

Mr. Wildman: I think that's enough.

Mr. MacDonald: On a point of order, Mr. Chairman: Was the product marketing board priced in the late 1960s?

Mr. McGuigan: Yes, it would be.

Mr. MacDonald: A regulated price?

Mr. McGuigan: Yes.

Mr. MacDonald: Fine. Thank you.

Mr. Wildman: The other thing I'm interested in is that you, as a member—you are a member of this committee?—as a member of the committee you knew that Mr. Lindley, the president of your association, would be appearing before the committee, especially since so many questions were asked in the House, in which the minister replied that it was a problem for the Ontario Fruit and Vegetables Growers' Association and so on—have you had any contact with Mr. Lindley or the members of the executive of your association as to the evidence that you had; or with the ministry since this matter has been raised in the House?

Mr. McGuigan: No. I thought, according to the tone of the statements, that they had information. It appears they did not.

Mr. Wildman: Oh, I see.

One other thing you mentioned in passing was the question of brokers—that on occasion in the past you've paid brokerage fees and

hat you felt that you were obtaining a service for that.

Mr. McGuigan: Yes.

9:30]

Mr. Wildman: Do you share with Peter Fannam his fear of the growing number of brokerages that are involved in the food industry and what effect this might have on the price to the consumer?

Mr. McGuigan: No, I have no fear; because from what I take from the allegations that have been made these people are taking a fee and not performing a function. Therefore they are not brokers.

Mr. Wildman: Oh, I see; all right.

When you say that you pay a fee to the broker, do you feel that the producer is paying for a service rendered to him or is the overall price of the product at the end of the food chain increased by the number of handlers between the farm gate and the checkout counter?

Mr. McGuigan: If you pay a true and earned brokerage, the producer pays that and not the consumer.

Mr. Wildman: How would you differentiate between a true and earned brokerage and one that is not earned?

Mr. McGuigan: I'd have to take you to the United States where the law separates the left and the right hands. Under United States law you're either a buying broker or a selling broker and you can't be the two. We have no such legislation in Canada as I understand it, and so these people act on behalf of both, something like a lawyer who would be working both for the defendant and the accuser. And so you would say—

Mr. Wildman: Or the mortgagee and the mortgagor.

Mr. McGuigan: In a true brokerage situation, the producer or the seller pays it; I don't believe it is paid by the user.

Mr. Wildman: All right. Thank you.

Mr. S. Smith: Basically the only point I wanted to ask the witness followed on Mr. Takabuski's question about whether this is some type of practice going on between IGA central office and the local store in some way. It's an interesting thought. I asked you already, I believe, whether you thought the price set at the local store bears any relation to the invoice itself and you didn't really know.

Mr. McGuigan: No, I don't know what their retail prices are.

Mr. S. Smith: Right. With regard to the six per cent, however, you confirmed that this

was never something that you agreed to as a handling charge, and as far as you know never explained as such.

Mr. McGuigan: No.

Mr. S. Smith: I see. I believe I'll leave it at this.

Mr. Chairman: Legal counsel?

Mr. Poole: Yes, the question I wanted to ask Mr. McGuigan was: If you sold apples, and let us say \$100 was the marketing board price and the price that you expected, when you received the cheque after you made the delivery you actually received \$94.

Mr. McGuigan: Yes, right.

Mr. Poole: So your son called and said I want to know why you deducted six per cent—

Mr. McGuigan: He didn't call immediately. It was new to him; so he waited until another two or three cheques had come.

Mr. Poole: Quite; but what you wanted and what you expected, and what you were entitled to was \$100.

Mr. McGuigan: Right.

Mr. Poole: Then when he phoned, the storekeeper said increase the price to \$106. So that you fetch up with \$100, the price you wanted?

Mr. McGuigan: Yes.

Mr. Poole: Am I right on that, Mr. Smith?

Mr. McGuigan: Call Loeb's.

Mr. S. Smith: He called the storekeeper, I believe, or the central office.

Mr. Poole: So why would they do that? Why would they increase the price. I fail to understand the point. You got what you wanted. Why would they increase the price?

Mr. McGuigan: I guess they felt that was a source of income, that they were in a position to extract it from the trade because of their market leverage. But I can't answer for Loeb's, why they did it.

Mr. Poole: It seems rather strange for them to pay you what you wanted by adding on six per cent. Because you really didn't pay the six per cent at all. You got what you wanted, isn't that right?

Mr. McGuigan: Subsequently, yes.

Mr. Poole: You got \$100.

Mr. McGuigan: Yes.

Mr. Poole. It seems to be some kind of internal bookkeeping from a company point of view. Is that a reasonable statement?

Mr. McGuigan: I can't speculate on what Loeb's do.

Mr. Poole: I see. My second question is that you were dealing with an IGA store in your area?

Mr. McGuigan: Yes.

Mr. Poole: And the IGA stores are part of the Loeb chain, if you want to call it that. Is that correct?

Mr. McGuigan: Yes.

Mr. Poole: But have you any information to indicate that the conversations that you had with the local storekeeper were translated or transmitted to Loeb's headquarters, other than the telephone call from your son about the amount of the cheque?

Mr. McGuigan: We had no conversations with the store.

Mr. Poole: Can you say, sir, whether this six per cent issue which you ran into was a tribal custom in your area, or was it prevalent throughout the chain?

Mr. McGuigan: I believe it is a pretty widespread thing in Ontario but, like other witnesses, I only have my own invoices.

Mr. Poole: And they came from Loeb's, not from the local storekeeper?

Mr. McGuigan: I submitted invoices to the local storekeeper; he forwarded them to Loeb's. Loeb's sent me the cheque, minus the six per cent.

Mr. Poole: And you don't know whether the storekeeper or Loeb's got that?

Mr. McGuigan: No, I don't know.

Mr. Poole: I see. Thank you very much, sir.

Mr. Lewis: Mr. Chairman, just before the witness steps down: To whom did your son speak in Loeb's?

Mr. McGuigan: He just called the Loeb company. I don't know if he has the name of the person or not. He called Loeb's headquarters—I think they have an office in London which serves our area.

Mr. Lewis: So he called Loeb's district office in London and spoke to a senior person there?

Mr. McGuigan: Yes, I believe so.

Mr. Lewis: I wonder if there isn't another interpretation, I suggest to counsel, which is that the senior person in the London office, twiggling to what was happening, becoming a little anxious, knowing that the six per cent discount was the normal way of doing business, simply upped it to \$106 and paid the \$100. In other words, it may not be quite so beneficent as is implied, that it was just internal bookkeeping; it might have been the spontaneous reaction of a district officer

who got a little bit anxious about somebody challenging him.

Mr. Poole: I was just puzzled because regardless of what happened, Mr. McGuigan got his \$100, which seems to me rather strange. Now Mr. MacDonald's suggestion, the six per cent was likely passed on to consumers somewhere along the line; so Loeb didn't pay it.

Mr. MacDonald: Not "likely"—dead certain.

Mr. Lewis: The only thing we are unequivocal about is the passage to the consumer.

Mr. MacDonald: Mr. Chairman, I just have one or two tidying-up questions, one that flows from queries of our counsel.

Did you say that you made further sales of apples on this six per cent add-on, invoice, six per cent more than the regulated price?

Mr. McGuigan: Yes, when he told us to add six per cent, we added it.

Mr. MacDonald: You've made further sales since then?

Mr. McGuigan: Yes.

Mr. MacDonald: This is what mystifies me, and, quite frankly, disturbs me. Not only did you countenance a breach in the law: the first sale, when they illegally deducted it, and haven't formally reported to the apple board as yet, although it is your board protecting your interests and everybody else's, but you also became part of a practice in which IGA, or Loeb, was putting on six per cent to add to its revenues, which would mean that it was going to be an added cost to the consumer from which you weren't really benefiting.

Mr. McGuigan: The marketing board price are minimum prices, and I was certainly not contravening any regulations in that.

Mr. MacDonald: Oh, I concede that you were getting your price when you added the six per cent on, but you were becoming part of a practice whereby Loeb was getting an extra six per cent that was going to be an extra six per cent added to the consumers.

Mr. McGuigan: In the supply-and-demand market, Mr. MacDonald, I have occasional added prices on minimums; it's a rare occasion, because in practical terms a minimum becomes also the maximum. It's pretty well recognized in the industry that the minimum is the maximum. On rare occasions, when supplies dry up, it's not unknown that a supplier would charge more than the minimum price.

Mr. MacDonald: Our counsel referred to this as perhaps being just an internal book-

keeping arrangement, which it may have been. You got what you were entitled to, but it was an internal bookkeeping arrangement which is going to add to the revenues of the company and add to the price to the consumer.

I'd like to indicate to the committee, that in the recent report of the royal commission on economic concentration there were a lot of background studies done. One of them is background study number 12, on Weston. Let me quote you three sentences from that study on page 14:

"Volume rebates or earned allowances related to sales are an important source of revenue and profit in the retail and wholesale food distribution business in Canada. Few facts are publicly available on this subject, which falls outside the scope of this report."

In short, in their study, this is one of the revenue sources, added revenue sources, which of course adds unnecessarily to the price of the consumer.

Mr. McGuigan: I think so.

Mr. Lewis: When was the last time you shipped to IGA?

Mr. Chairman: Mr. Lewis, we have the minister next, Mr. Minister.

Mr. Lewis: I'm sorry.

Hon. W. Newman: I am on the list the same as anyone else, Mr. Lewis.

Mr. Lewis: No; I understand.

Hon. W. Newman: Mr. McGuigan, I would like to ask you just two questions. Are you a member of the apple commission?

Mr. McGuigan: No.

Hon. W. Newman: Are you a member of the Ontario Fruit and Vegetable Growers' Association?

Mr. McGuigan: Yes.

Hon. W. Newman: Were you on the executive?

Mr. McGuigan: Yes.

Hon. W. Newman: Were you ever president?

Mr. McGuigan: Yes.

Hon. W. Newman: And you said this practice with IGA—I believe you said IGA—happened several years ago?

Mr. McGuigan: Yes.

Hon. W. Newman: Were you aware of the grades and sales act which was passed in 1951?

Mr. McGuigan: I knew it was of some standing.

Hon. W. Newman: So you knew, as a producer, that something was wrong, several

years ago. Did you at any time report it at that time to the apple commission or to the appropriate authorities in my ministry?

Mr. McGuigan: No; but I was also aware of the inquiry in 1969 and no action being taken on it.

Mr. Eaton: My understanding is, and perhaps the minister can answer, that all apple growers who have apple trees pay by acreage and are members of the apple commission?

Mr. McGuigan: That's correct.

Mr. Eaton: Then you are a member of the commission. You said you weren't.

Mr. McGuigan: Well, in that sense yes; I thought you meant on the executive.

Hon. W. Newman: My final question, I think, is very important. I see the chairman of the apple commission is here and maybe I'll confirm it later, but I believe the apple commission sets the wholesale price; not the minimum price but the wholesale price.

Mr. McGuigan: All right, I've got one of their price lists here.

Hon. W. Newman: Is that correct?

Mr. Long: Yes.

Hon. W. Newman: Thank you.

Mr. Chairman: Mr. Eaton.

Mr. Eaton: I want to direct a question to Mr. McGuigan. When did your leader become aware of this statement that you had here?

Mr. McGuigan: Just a few days ago.

Mr. Eaton: So in effect he was asking questions in the House and saying that the food council were not doing their job when he knew there was information the food council could act on and probably do some investigating. Now they can't because it's so public if there was any program going on it's probably stopped for the time being.

Sir, I think you and your leader have done a disservice to the farmers, our marketing board and our marketing board system!

Interjections.

Mr. Chairman: Are you all through, Mr. Eaton?

Mr. Eaton: Yes.

Mr. Chairman: Mr. Lewis.

Mr. Lewis: I was just—

Mr. Chairman: Let's have a little order here, please; Mr. Lewis has the floor.

Mr. Lewis: Just curiosity, Mr. McGuigan. When was the last time that you shipped to IGA?

Mr. McGuigan: The season has just ended; it would be something like 10 days ago.

Mr. Lewis: On the invoice which you made out 10 days ago, did you add the six per cent?

Mr. McGuigan: Yes.

Interjections.

Mr. Lewis: I want to tell you I'm really fascinated by that.

An hon. member: You're fascinated at everything.

Mr. Lewis: You mean even though you knew what was going on in this Legislature at the time—

An hon. member: Oh, my God.

Mr. Lewis: —10 days ago—I'm following up on Donald MacDonald's line of questioning because it quite throws me—you were willing to play their game to the extent of adding six per cent to your bill in order to achieve their purpose? I understand you then get your \$100, the \$100 that you charge, but you gave them that additional six per cent for their accounting, for whatever purpose? I just don't understand how you could do that. [9:45]

Mr. McGuigan: It has been the same in this market all my life; we charge according to the conditions.

Mr. Lewis: But the instructions in a phone call—

Mr. McGuigan: It is a minimum price, and I am quite at liberty to charge more than the minimum price.

Mr. Lewis: But you charged in response to a directive in a phone call made by your son.

Mr. McGuigan: Yes.

Mr. Lewis: When they said add six per cent—when was this issue first raised in the Legislature? Does anyone remember?

An hon. member: May 2.

Mr. Lewis: May 2; more than three weeks ago. Therefore right in the heat of it you gave them the six per cent more.

I am surprised that you did that. I would have thought that was an extraordinary opportunity to call the bluff and say you wouldn't be a party to that.

Mr. McGuigan: It might have been a mistake.

Mr. Lewis: Amazing.

Mr. S. Smith: Is it absolutely clear, Mr. McGuigan, that we don't really know why Loeb happens to be doing this?

It is possible, I suppose, that the wholesaler or the central office invoices the local store according to your invoice. Consequently the local manager has to mark up his product on that price rather than on the actual price

which is paid by Loeb itself. That is a possibility.

I take it you don't know why Loeb is engaging in this practice. You have no inkling at all as to why Loeb is doing this?

Mr. McGuigan: My natural sense tells me they are doing it to make money. But as far as their internal organization goes, I have no knowledge of that.

Mr. S. Smith: Is it clear—counsel was earlier asking why, since you only end up with \$100 on the \$100 that you wanted in the first place—why they would go through the exercise of telling you to bill for \$106?

I take it the reason they told you so that was that he drew to their attention not simply that there was a discount here which he didn't like, but that it would be illegal to accept less than \$100 in this instance. I take it that was the reason you understood they said add it on?

Mr. McGuigan: Yes, that's right.

Mr. S. Smith: It wasn't merely that he objected to the discount and they said; "That's fine, just add it on." It was because it would be illegal.

Mr. McGuigan: Right.

Mr. S. Smith: So they had no choice. Either they would say, "Okay, forget the discount and we will pay the minimum price, or they had to say, "Add it on."

What we are all puzzled about is why would they add it on? Although we may suspect that they did it in order to raise the price to the store manager, owner, store operator, or whatever he is, who would then pass that on to the consumer.

I take it that in your situation you never did receive more than the minimum price. You were not receiving any extra money, you were receiving the legal minimum amount and they wanted to do it by means of this peculiar exchange back and forth.

Had you not drawn the matter to their attention, and had it not been a marketing board substance, have you reason to believe they would not have changed and asked you to add on the six per cent prior to subtracting it again?

Mr. McGuigan: Yes. We certainly though we were doing the legal thing in bringing to their attention that their actions were illegal and we corrected what we thought was an illegal matter.

Mr. Eaton: Mr. McGuigan, a while ago you indicated that in your experience this had happened before. Is that in your personal experience? Do you have other documents

tion of that happening? Has it happened to you before?

Mr. McGuigan: As I stated, it happened back in the 60s.

Mr. Eaton: It happened to you personally?

Mr. McGuigan: Yes.

Mr. Eaton: You indicated, I think, that there was a board price set at that time. I am not sure that the board had minimum price setting powers at that time. Could someone clarify that? Maybe the chairman of the apple commission could? Did the commission have minimum price setting powers in the 1960s?

Mr. Chairman: I think we will have to wait until later on for that, Mr. Eaton. Any further questioning of Mr. McGuigan? If not, thank you very much, Mr. McGuigan. Now we will call Mr. Lindley and Mr. Daniel back.

I am told to remind you, Mr. Lindley, that you are still under oath.

Mr. Eaton: Mr. Lindley, you indicated there had been some practices of the two per cent discount. It was implied in the House that there was an actual payment back to the grocery stores by someone—not to that particular grocery store that the person might have been dealing with but to a second company associated with that store. Are you aware of any practice like that?

Mr. Lindley: The first time we became aware of any practice like that was when it was suggested in the House. We have had no information from any of our producers that there was any involvement of that type at all.

Mr. Eaton: It was further suggested at that time that people haven't seen cheques but have seen computer printouts and information which did divulge volume discounts. Does your board oppose volume discounts as long as they are above the board price?

Mr. Lindley: The minimum board price is established by those marketing boards in Ontario. The commodities that are not operating under the marketing legislation are free to operate in a free market system. There is the question of what we refer to as specials, or premiums; premium in terms of advertising a feature item under a period of heavy production of a product. We have never had an opinion to say no we wouldn't support a feature type of program.

Mr. Eaton: Does your growers' association at any time participate with food chains or other groups in sharing the cost of advertising in the promotion of a particular product? Are you aware that any of the boards associated with you do that?

Mr. Lindley: As the Ontario Fruit and Vegetable Growers' Association, no, we don't; except through those vehicles of the Fresh for Flavour Foundation.

Mr. Eaton: Are you aware of any marketing boards associated with your products which share any advertising costs?

Mr. Lindley: No, I am not.

Mr. Eaton: Do any producers or distributors that you know share any advertising costs with the stores?

Mr. Lindley: None that I am aware of, or that our organization has been made aware of.

Mr. Eaton: So if there are any it is being done as indicated through this sort of a deduction program without agreement?

Mr. Lindley: Yes, I would expect that.

Mr. Swart: The previous discussion has answered some of the questions I have, but I am a little confused and would like to pursue the matter.

On one page of your statement this evening it says: "The Ontario Fruit and Vegetable Growers' Association has seen no evidence that growers or marketing boards of fruit and vegetables were ever directly involved in any discount program."

On the next page you state: "Our evidence indicates that all discounts were paid by the shipper or packer-shipper." I would ask: to whom was that payment referred to in that last sentence made? Then relate all this to your press release where you state: "Loblaws had been deducting two per cent from the cheques it issues to pay growers."

Would you relate those three statements? They seem to be somewhat contradictory.

Mr. Lindley: Yes, Mr. Swart. The grower-shipper was paying any discounts to the individual with whom they were doing business. In this instance, as we have reiterated, it was Loblaws. In the press release we did say that Loblaws had been deducting two per cent from cheques it issues to pay growers.

Our interpretation was that shippers are merely a service to the growers. They receive the product, they ship it; the dollars come back from the chain store to the shippers and then on to the growers. That would be the reference under which we used, "cheques it issued to pay growers"; it was an indirect payment of growers as the shipper handles it on the way back.

Mr. Swart: But you know from the previous evidence we heard from Mr. McGuigan that in fact there was a discount to the producers themselves.

Mr. Lindley: Yes.

Mr. Swart: So now you'll have that evidence. How many members of your organization directly or indirectly reported on the facts which you had in the news release dated May 4? You may not have the exact figure, but you must have had quite a bit of information on which you based this news release.

Mr. Lindley: We had basically what I would class as first hand information from only one particular source and we had second hand information from others.

Mr. Swart: You made it rather clear in your statement tonight that none of these people want to testify here. In view of the public testimony which has been made here, do you think some of those people—one person or others, of those people whom you heard about indirectly—might be willing to reconsider that? Would you be willing to approach that one person, realizing the value of the evidence which might be submitted because of the evidence we've had that the law was being broken?

Mr. Lindley: We would certainly be prepared to approach those individuals and to try to convince them that they should come forth and present their information here, but I can't guarantee their answer would be in the affirmative.

Mr. Swart: Would you do that before the hearing is over? You know we are scheduled to end this inquiry a week next Tuesday.

Mr. Lindley: Yes.

Mr. Swart: May I just change the questioning a little bit? There have been letters read here about the discontinuance of the two per cent discounting which was the start of this hearing. Have those you represent in your organization been subject to other practices, like shelf cost, et cetera, which have been deducted from the payments made to them, either directly or indirectly? Are you aware of that?

Mr. Lindley: No we are not aware of any payment by any of our people for such things as were referred to as shelf costs.

Mr. Swart: Or anything other than the two per cent, and perhaps a normal discounting for volume? You're not aware of any other practices?

Mr. Lindley: Well of course, we—

Mr. Swart: You have not been made aware of any other practices which you think are unfair?

Mr. Lindley: We were aware of the situation as it developed in 1969 when the inquiry was carried out. If that can be classed as a

discount then no, we don't have any knowledge of practices other than the discounts.

Mr. Swart: That's all then, Mr. Chairman.

Mr. Chairman: Thank you, Mr. Swart. Mr. Nixon.

Mr. Nixon: In the statement you made you said that in January you, as president were "informed verbally and in confidence of a practice being used by a chain store in payment for Ontario produce." Was that the deduction of the two per cent fee?

Mr. Lindley: Yes.

Mr. Nixon: And you saw no evidence of it although you were informed of it? You had no hard evidence that that was taking place?

Mr. Lindley: Not at that time, that's correct.

Mr. Nixon: I noticed in the same paragraph of your statement, on page two, you say, "up to that point we did not have sufficient documented evidence." Do you have such evidence now? Has there been anything come to you as a result of the public discussion of this matter?

Mr. Lindley: Prior to releasing our news release, I was privileged to view the documentation that supported what I was told verbally in January. The individuals indicated they would be prepared to supply me with a copy of that invoicing after it had been sufficiently altered to remove any reference to any particular individual. They were reluctant to do that, because the removal of everything they possibly could might still not prevent them being found out as a result of that information being released.

[10:00]

Mr. Nixon: In your lengthy experience in this business, have you ever been aware of the kind of retaliation which would make fears like that legitimate?

Mr. Lindley: No, not in the length of time that I have been in business have I ever seen a great problem as a result of any individual action. But we haven't had the experience of having to have the individual involved as deeply as we might have to under these circumstances.

Mr. Nixon: On page three I can just extract a few quotes at random. "No one is prepared to be quoted or to have their names used. The fear of economic sanction is real. The problem is much like wolves stalking the sheep. We feel that any further inquiry must be on a very broad basis and in camera."

Would you assure us that there is no exaggeration in the fears expressed in those phrases, that evidence of the type that Mr.

McGuigan gave to us would be almost impossible to receive by a committee of this type?

Mr. Lindley: I can assure you that my own personal fears and the fears of this association are not exaggerated.

Mr. Nixon: I find it appalling that the business is done on that basis, but if this committee had hearings in camera, would you say that you as president could give us information of a specific and direct nature of the type Mr. McGuigan has given us, corroborative evidence?

Mr. Lindley: I would only be prepared to do that after having had confirmation from the individual who supplied me with that information.

Mr. Nixon: But you can assure us that such information exists but is not available to the committee using the procedures that are normal in a committee; that is with open hearings? And you can't even assure us that the information would be available if we did go into in camera sessions.

Mr. Lindley: That's correct.

Mr. Nixon: Is the documentation in the form of cheques, stubs or just invoices?

Mr. Lindley: The documentation that I have been privileged to see is in the form of an invoice.

Mr. Nixon: And your testimony under oath is that such evidence exists?

Mr. Lindley: Yes.

Mr. Nixon: Just a final question, and it is to satisfy my own curiosity. You said you were a member of the board in 1972. The first paragraph of the letter from Mr. Wilson to the Minister of Agriculture and Food says: "We are writing to you over a matter of extreme concern in that we have reports that Dominion Stores Limited are asking producers of greenhouse tomatoes and specialized vegetables to deduct two per cent off the producer's selling price et cetera." And yet you say you were not aware of that, even though the secretary treasurer called it a matter of extreme concern.

Mr. Lindley: Mr. Nixon, I believe I said earlier that I was not aware of the letter until I researched it as a result of the letter being brought up in the House. But at that time I was aware of rumours that that practice did exist, or was being proposed.

Mr. Nixon: And you were subsequently aware that government action had put an end to it?

Mr. Lindley: I was aware that government action must have put an end to it because

there was not a hue and cry from the growers, at least to their association.

Mr. Nixon: Is it your impression then that this comes and goes? We have already heard evidence from a producer in the business for many years that his experience is that it is really with us in one form or another almost all of the time. Is it your feeling that that is correct?

Mr. Lindley: It is my personal feeling that this situation comes and goes as a result of some of the more severe problems that are inherent in the total food industry. I suppose that if you have a profit margin to reach, you find various ways to reach that. If there is one weak link, then you attack that weak link to try to bring that profit level up. If there is a profit level from the other segments of that food chain that are higher than from the produce area, then you seek somehow to change that. It would be my personal opinion that it does rear its head from time to time.

Mr. Chairman: Thank you, Mr. Nixon.

Mr. MacDonald: Mr. Lindley, you state in the final sentence or so of your brief: "We feel that any further inquiry must be on a very broad basis, and in camera, to include all facets of the industry." I take it from that that you share with Peter Hannam, as expressed to us in the last meeting of our committee, that there is need for a further inquiry into the full food industry.

Mr. Lindley: I share with Peter Hannam the problems he outlined to you in the last meeting. I indicated earlier in this submission that, as far as we're concerned, it appears that the practices for us will be terminated. But, as I answered to Mr. Nixon, it seems as though they rear their head from time to time as a result of more overall problems within the food industry.

Mr. MacDonald: Perhaps I can jump over two or three questions I was going to ask and pick up on that. I'm a little puzzled as to your general feeling of contentment and satisfaction that the recent trade practices have been terminated. Why can you feel so confident that they've been terminated when you have now been reminded of the fact that it was your organization that pointed to the prevalence of such a practice back in 1972 and now it has revived itself again? Do you think that one assurance is adequate that the thing has been terminated?

Mr. Lindley: I suppose it depends upon my personal definition of "termination." I suppose that "terminal" is pretty permanent. As I have indicated, it may not be perma-

ment, but it has been terminated, certainly in this foreseeable time for us and the producers.

Mr. MacDonald: Until the furore dies down.

Mr. Lindley: That may very well be.

Mr. MacDonald: You also said that your organization was going to monitor the situation. Do you feel that it is your obligation to monitor it, or to what extent do you feel that that is an obligation of the Ontario Food Council?

Mr. Lindley: The food council certainly has a place to react to situations. But if an individual producer does not wish to carry forward his information to the food council, for any reason unknown to us or to me, then the Ontario Fruit and Vegetable Growers' Association could very well be the vehicle where that information could be carried forward.

Mr. MacDonald: But the OF and VGA drew it to the attention of the minister and the food council in 1972; it was terminated then. Mr. McGuigan, as a former president of your organization, has testified that he thought that it had gone on for a long time. You've said there were suspicions and rumours; the scuttlebutt was that this kind of thing was going on. Is it your job to monitor this situation to make certain that it is not revived or rears its ugly head again? Or is it the food council's job? What's your view?

Mr. Lindley: In our view, it's a responsibility of both. As I see it, the association, if it's to do a proper job for the growers, has to be concerned about their welfare; and anything that affects their welfare has to be its concern. It should also be a concern of the food council to monitor and to watch for unfair trade practices.

Mr. MacDonald: Have you got the resources to continue this monitoring process?

Mr. Lindley: Not in great detail.

Mr. Eaton: Do you have the contacts with producers, though?

Mr. Lindley: I certainly would hope so.

Mr. MacDonald: That just brings me back to another question I wanted to ask, particularly flowing from Mr. McGuigan's testimony. Do you inform all your growers that, on any occasion when they have been paid less than the regulated price, they should report it immediately? And do you inform all your growers that if they are caught up in this business of an add-on, so that the purchaser gets an added revenue of six per cent, or whatever it happens to be, to report back to you so that you can take action?

Mr. Lindley: Mr. MacDonald, I suppose we don't inform our growers of specific circumstances such as that. But I would hope that our growers understand, and understand well, the purpose of the Ontario Fruit and Vegetable Growers' Association; that is, to have the concerns of them all. If there is anything that bothers them, anything that concerns them, then they should be bringing it forward to us. We may work under misgivings that they understand that.

Mr. MacDonald: But this is a specific and long-term kind of problem. We've had testimony from a number of sources about that. Isn't it necessary, particularly if you're going to have the capacity to monitor it, that you should seek all of your growers—in fact, as part of a network—to report to you quickly, automatically, any time there's a breach of the law?

Mr. Lindley: We haven't done that in the past, but we may very well be doing that in the future. We have done similar things, and I'll indicate to you that we have asked growers to monitor pesticide prices, for instance, and let us know immediately. We have used the vehicle of our publication, *The Grower*, to ask for growers' comments and growers' statistics and information on labour. So we could very well use that same vehicle for this purpose.

Mr. MacDonald: As I have been attempting to get information on the situation, and all the difficulties involved in it, I have spoken to a number of people who are associated with the fruit and vegetable growers' association—not yourself—and the information I got, directly and indirectly, was that once there had been the letters of assurance in face of the public outcry from Loblaws and Dominion that they were going to discontinue this two per cent rebate practice, you weren't interested in pursuing it any further. I take it that there has been something of a change in approach, and now you would welcome and seek a public inquiry.

Mr. Lindley: I didn't say that, sir. I said we would be monitoring those practices that had been terminated to confirm to ourselves that they have been.

Mr. MacDonald: The reaction I got in trying to get cases, specific hard facts, was that you weren't interested in pursuing it any further because you had achieved your objective; Loblaws and Dominion had agreed to discontinue this practice. Now you want a full inquiry. Isn't that a change of approach?

Mr. Lindley: Sir, I don't think I indicated that we definitely are asking for a full inquiry.

don't read that from what I have said from you. Do you find that in what I've said?

Mr. MacDonald: My first question to you is, do you share Peter Hannam's view that a full inquiry is necessary to get at what he described as a mess?

Mr. Lindley: I indicated that we sympathized and we agreed with the attitudes Peter Hannam developed in terms of the problems within the total food industry, but we have not made a decision to press for a full inquiry.

Mr. MacDonald: Might you do that, with your executive?

Mr. Lindley: I suppose that could be an event that we would make a decision on.

Mr. MacDonald: Would you deem it to be wise in the event that this recurs every three or four years and you will have the old problem back again?

Mr. Lindley: I would expect that our executive would take a similar view, and I would hope that they would take a similar view, to what I have indicated to you here, that we cannot have an inquiry that zeroes in on one particular segment of the food industry.

Mr. MacDonald: Fair enough, I agree.

Mr. Lindley: If we were to have that, we would be pretty strongly, I'm sure, opposed.

Mr. MacDonald: Oh, okay. I think I can see the distinction you are making. You don't want any further inquiry into the two percent as it applies to the fruit and vegetable growers, but you don't object to an inquiry into the total industry and all its facets.

Mr. Lindley: We could be receptive to that, but we would have to discuss it at the executive level.

Mr. MacDonald: I just want to tidy up, and this is really a little incidental in view of the questions I have been asking; I was planning to do it first but I kind of crossed myself up. You state in the first page of your brief: "In January 1978, I, as president of the Ontario Fruit and Vegetable Growers' Association, was informed verbally and in confidence of a practice." In your press release of May 4, you say: "Loblaw buyers have been charging this fee on behalf of the chain for over the last year." How do you reconcile that?

Mr. Lindley: Prior to us putting out the news release we went to the source that had given me the information in January, verbally and in confidence, and I was privileged to see some documentation of that situation. I suppose there is some bad terminology in there when we say over the past year, because

growers have an attitude that over the past year only extends for a production season and that's the context with which that was used in the news release. Over the last year indicates to us over the last production year. Because I was privileged to view that information and informed verbally, that was the date at which time I was informed.

[10:15]

Mr. MacDonald: Okay. I don't want to make a mountain out of a molehill. I think that will do for now, Mr. Chairman.

Mr. Yakubuski: Mr. Chairman, I have a few brief questions. On page one, as some of the other members have mentioned, you state: "We issued the press release of May 4, 1978, to clarify the discount practice and to inform our producers that the practice used by Loblaws had indeed been terminated and that we would consult with Dominion Stores." You went on to say, in winding up: "In conclusion, the Ontario Fruit and Vegetable Growers' Association is satisfied that the recent trade practice will be terminated. The events to date will bring this about." I'm interested in that letter from Loblaws, because it seems that some members of the committee have a copy of that and I don't happen to have it. What date is that letter?

Mr. Lindley: May 8.

Mr. Yakubuski: May 8, and your press release is May 4. What were your grounds for saying in this release that Loblaws had terminated the practice and that you'd be consulting with Dominion Stores? Is that on the strength of that letter?

Mr. Lindley: We made contact by telephone to Mr. Paul Pappas on May 3 and got confirmation that they were discontinuing their practice.

Mr. Yakubuski: Verbal?

Mr. Lindley: Verbal confirmation. Subsequently, this letter followed.

Mr. Yakubuski: What date is that?

Mr. Lindley: May 8. On May 3, we had contact with Dominion Stores and they were anxious to establish a meeting date with us to discuss the problem.

Mr. Yakubuski: Have they done so?

Mr. Lindley: No.

Mr. Yakubuski: Has a meeting date been arranged?

Mr. Lindley: No. The invitation still exists for them to come and meet with us at any time and we are led to believe that letters are available indicating that they have discontinued it.

Mr. Yakubuski: You mention that letter was circulated; to whom was it circulated?

Mr. Lindley: This letter was circulated to the executive of the Ontario Fruit and Vegetable Growers' Association.

Mr. Yakubuski: I see, and through the executive it might have got into other hands, like the Leader of the Opposition, because I don't think any other members of the committee have this letter.

Mr. Poole: Mr. Yakubuski, are you referring to the letter of May 8 which Dr. Smith put in?

Mr. Yakubuski: Yes.

Mr. Poole: That will appear in the record as exhibit two. It's available for distribution now. We'll give them to you right away.

Mr. Lindley: I might also add that we did send a copy of that letter to the Minister of Agriculture and Food upon receipt of same.

Mr. Yakubuski: I just know that I was one member of the committee who wasn't aware of it and I'm sure quite a number of other members were not either. Would it be that when this kind of practice was on, Loblaws would be dealing with one producer; would they be perhaps taking his entire production?

Mr. Lindley: I think I should correct one point, sir. We don't have any documented evidence at all, or haven't seen any documented evidence at all, that a producer was actually involved in the discount process. Anything we have been privileged to view has involved the shipper.

Mr. Yakubuski: I see.

Mr. Lindley: Now to answer your question as to whether Loblaws might buy the entire production of an individual producer, I suppose that is possible.

Mr. Yakubuski: But they wouldn't be aware, because they were dealing with the shipper, is that correct?

Mr. Lindley: That's correct.

Mr. Yakubuski: So they don't have the big lever over the producer himself, because they are buying from the shipper. I think that answers my question.

Mr. Wildman: I have one short question. In relation to page two of the statement, following from what Mr. Yakubuski was saying, Mr. Lindley indicates that the association's concern was that some growers would pay over the short haul and the consumer would pay over the long haul. The evidence they had was that all discounts had been paid by shipper and packer-shipper and, to their knowledge, at no time had the minimum

price level, established by the marketing board or any marketing board, been violated.

After hearing Mr. McGuigan's evidence, is it conceivable to you that this practice Mr. McGuigan referred to and gave evidence about and submitted invoices to indicate the growers had been involved—at least with one firm—was any more widespread? Is there any way that can be checked out by your organization?

Mr. Lindley: We have heard rumours that there could be some indication that some growers are involved, but it is strictly a rumour situation. We have no confirmed evidence whatsoever. Certainly we could attempt to check it out, but obviously we have had difficulties in being able to do so.

Mr. Wildman: Is your difficulty because or—I don't know how to put this exactly—the concern of some growers in terms of economic intimidation?

Mr. Lindley: I think that is a fair statement. I have indicated that we were talking about real economic sanction, and I view that as economic intimidation.

Mr. Wildman: I think I will leave it at that, Mr. Chairman.

Mr. Eaton: There is a little difference in these releases that I would like to clarify with you, Mr. Lindley.

In your release on May 4 you stated that "the chain as of yesterday will stop discounting the price paid for . . . Ontario fruits and vegetables . . ." That is referring to Loblaws Paul Pappas. However, the letter is dated May 8. Am I to understand that you were given this confirmation over the phone?

Mr. Lindley: Yes, that is correct.

Mr. Eaton: This letter you have received really does not confirm what you have said. The letter states: "We wish to confirm with you that such a rebate has never been a condition of doing business with our company and that, so far as our company is concerned, our business relations with you will not suffer in any way by reason of your cancelling such a rebate program."

Does that mean if a producer still voluntarily wants to pay the two per cent, he can? What is your interpretation of the letter from Mr. Pappas on that matter?

Mr. Lindley: As I mentioned, Mr. Eaton, we don't have any confirmed indication that the producer has been paying it. Our indications have been that it has been involved with the shipper or shipper-packer. We take the letter in good faith as indicating that the discounting practice will be discontinued for everybody.

Mr. Eaton: I have a further question. I believe Mr. Smith tabled this letter; did the Liberal Party approach you for information on any facts you might have on discounting taking place?

Mr. Lindley: I have had some conversations.

Mr. Eaton: But at no time did they volunteer that they had information that one of their members had had this kind of practice happen to him?

Mr. Lindley: Not in that detail, no.

Mr. Eaton: One further question—and if you feel that you are breaking any trust you had with the individual producer, just say so and I won't proceed with it any further: Could you indicate if the discount practice that you have seen there is similar to what took place in Mr. McGuigan's situation?

Mr. Lindley: I don't think I particularly want to answer that specifically, except to say that our evidence has not indicated that producers have been directly involved.

Mr. Eaton: Am I not told by you that you had seen information? It was not a producer then? Was it a broker?

Mr. Lindley: Our indications are that it was the shipper or shipper-packers who were paying the discount.

Mr. Eaton: So it was not a producer in that case? Thank you.

Mr. Swart: I want to return to page two of the press release which you put out and where, in quotes, you state: "Dominion is just launching its discount program. It is asking suppliers to sign a form giving it authority to deduct two per cent from the purchase price of Ontario produce for 'earned cost reduction.'" That is rather a definitive statement. Did you see that statement?

Mr. Lindley: Prior to the putting out of the press release, I was privileged to view that statement in confidence.

Mr. Swart: Is that the statement that you talked about earlier as having had seen it?

Mr. Lindley: I saw two statements at the same time.

Mr. Swart: That was one of them?

Mr. Lindley: That was one of them.

Mr. Swart: You have stated under oath that you have seen this statement; can you obtain it for us?

Mr. Lindley: As I have indicated, the individuals who have shown the confidence to allow me to view that particular document were not prepared to disclose the document in its original form.

Mr. Swart: Did the person who gave you that information—you use the word "suppliers" here—tell you this was a widespread practice with Dominion? When you say that "it is asking suppliers to sign a form," do you know if it was asking all suppliers, or several suppliers, or only just that one?

Mr. Lindley: We don't know that, and I don't expect that individual knew that specifically, although we have heard there was a move to solicit this from several areas.

Mr. Swart: Do you know if Loblaw's follow the same practice with anything in writing to anybody who was going to supply the produce to them?

Mr. Lindley: No, we don't know.

Mr. Swart: Do you know when this document was given to the suppliers for them to sign whether the purport of that was that if they did not sign it, they would no longer be a supplier to Dominion?

Mr. Lindley: No, we don't know that.

Mr. Swart: You didn't ask that question of this individual who showed you this document?

Mr. Lindley: No.

Mr. Swart: And he did not indicate to you that they might terminate the sale of his produce if he did not sign it?

Mr. Lindley: He didn't indicate that to us.

Mr. Swart: Did you put any question about what they meant by "earned cost reduction"?

Mr. Lindley: Did I ask the individual?

Mr. Swart: Yes.

Mr. Lindley: No.

Mr. Swart: In talking with Dominion, as I believe you did talk with them, did you ask them what they meant by that earned cost reduction?

Mr. Lindley: We have never been able to—we have never had the meeting with Dominion.

Mr. Swart: But you did say you talked to them on the phone and they had assured you on the phone that they were going to terminate their two per cent discount policy. But you didn't ask that question.

Mr. Lindley: No, Mr. Swart, I talked to them on the phone very briefly in order to arrange a meeting.

Mr. Swart: Okay, I'll want to pursue that with Dominion.

Mr. S. Smith: I just want to be clear on the documentation which you say you were privileged to see. You say it was only invoices. What was the nature of the invoice?

Did it simply have a selling price, then a discount marked and subtracted, and a difference at the bottom of the invoice? Is that what it consisted of?

Mr. Lindley: It consisted of a number of dollars, indicated on that invoice, which was different from what was submitted to the company.

Mr. S. Smith: Submitted to the company? To which company?

Mr. Lindley: Loblaws. I may have been misleading when I said "invoice"; it was a statement attached to the cheque coming back from Loblaws.

Mr. S. Smith: Oh, I see. It was a cheque.

Mr. Lindley: And the indication on that was different from the invoiced amount.

Mr. S. Smith: I get it. So there was an invoice from the shipper to Loblaws and then you had the opportunity to view—did you see the cheque or just the cheque stub?

Mr. Lindley: No, I didn't even see that.

Mr. S. Smith: But you saw a statement that had been attached to the cheque—

Mr. Lindley: Correct.

Mr. S. Smith: —which came back and which indicated what the value was on the cheque.

Mr. Lindley: I would assume so.

Mr. S. Smith: You assume that, it was purported to be that, anyway.

Mr. Lindley: Yes.

Mr. S. Smith: And it had a different value on it, and the difference presumably was two per cent. Thank you very much. I just wanted that clarified, Mr. Chairman.

[10:30]

Mr. MacDonald: Mr. Chairman, before we leave this, now is an appropriate point to ask, on a point of order, or whatever you want to call it, this question: In all these cases where Mr. Lindley and others have confidential information, can that information be made available to our counsel and go no further; is it a feasible proposition that it not be publicly submitted to the committee or anything of that nature, but that the counsel then can inform the committee that he has such and such a statement which provides this information?

Mr. Lindley: May I ask my counsel to respond to that?

Mr. MacDonald: Fair enough.

Mr. Daniel: I question whether or not the solicitor and client relationship that would exist as between Mr. Lindley and myself would necessarily exist between Mr. Poole

and myself if that information was given him by me, or alternatively by Mr. Lindley.

Mr. MacDonald: Well, my query is, really, What is Mr. Poole's relationship to us? his relationship such—in that great leg morass that I can never quite understand a layman—that he can be the recipient of it, can assure us of the information, and at the same time protect total confidentiality?

Mr. Daniel: Yes, I know. Mr. Poole and would have to discuss that particular degree of confidentiality. There is some inference from what you're saying, Mr. MacDonald, that the committee would want to know what that information is.

Mr. MacDonald: They would want to know the information, but not the name of the person.

Mr. Daniel: The difficulty arises not in the name itself but in the information contained on the form, or on the receipt, and it can be easily identified, that is the problem.

Mr. MacDonald: I suppose if it were Loblaws invoice or a Loblaws statement for \$137.42, all they'd have to do is go back through their files and find \$137.42; and that's Joe Blow in Beamsville and he's got it.

Interjections.

Mr. MacDonald: I'm really raising a procedural issue to see if we can't break through this problem which this committee is going to have throughout.

I must say I'm really perplexed, if we go into a public inquiry, as to how to hold a public inquiry in camera. That surely is a bit of a contradiction. We've had public inquiries in this country, as I said yesterday, into such "dangerous" things as organized crime except for the rare in camera session they've always been open. I find it a little staggering that an inquiry into the decent operation of farmers and the selling of their products would have to be held totally in camera.

Mr. Daniel: Well a public inquiry in camera is some difficulty, and I've had some difficulty with earned cost reduction as well.

Mr. MacDonald: Yes. I just raised it in the case Mr. Poole can come up with a procedure whereby we can protect that confidentiality and get the cold hard facts we're seeking. They're pretty difficult to come by; I think it would be extremely useful if we could work out some feasible approach.

Mr. Chairman: Thank you, Mr. MacDonald. We've run out of time. Just as a windup we'll call on the legal counsel to put his point across.

Mr. Poole: Mr. Chairman, I don't think I'm going to take up the time of the committee by asking any questions of Mr. Lindley, other than to thank him.

But may I remind you, Mr. Chairman, that you had a letter from the Attorney General and there was some controversy. May I ask you now: could it be distributed as exhibit 4? I think you have sufficient copies and if those could be distributed now before the committee breaks up, it would be convenient; and would the honourable members be good enough to mark this document? Do you agree with me, Mr. Chairman?

Mr. Chairman: Yes, Mr. Poole.

Mr. Poole: As exhibit 4, then; exhibit 3 will be distributed tomorrow because—

Mr. Chairman: Next Tuesday.

Mr. Poole: Yes; they'll be distributed between now and Tuesday. They are the documents to which Mr. McGuigan referred, invoices and so on. It will take some time for a transcription and so on, but they will be distributed to each member before Tuesday. Thank you.

Mr. Chairman: Thank you very much, Mr. Poole.

Mr. Poole: If I might just reiterate: Exhibit 1 is this group of documents submitted by the minister, being distributed now. There are three letters and they are referable to 1972. That is exhibit 1. Exhibit 2 is the letter which Mr. Smith submitted; exhibit 3 is the statements which will be coming between now and Tuesday; exhibit 4 is the chairman's submission of the letter signed by the Attorney General.

Mr. Chairman: Thank you very much, Mr. Poole. Before we adjourn, first of all I would like to thank Mr. Lindley and Mr. Daniel for appearing before the committee as witnesses.

For next Tuesday night at 8 o'clock we will schedule Loblaw's, Dominion Stores and the Ontario Food Processors' Association, if time permits.

Mr. S. Smith: Mr. Chairman, may I add to the list of suggested witnesses Mr. Bill Hill, who is the owner of Lakeside Marketeria in Oakville. He is also chairman of the board of the Retail Merchants Association of Canada. I believe his testimony would be of consider-

able value regarding discounting procedures in the industry.

Mr. Chairman: We will have the clerk note that, Mr. Smith.

Mr. S. Smith: One other matter, Mr. Chairman; I notice that Mr. Nichol is still scheduled to appear for Loblaw's. Will he be bringing Mr. Lunau, who is the man we really want to hear from, with him?

Mr. Chairman: Is Mr. Nichol here?

Mr. Nichol: Indeed I am.

Mr. Roberts: Mr. Chairman, my name is Roberts, I am the counsel for Mr. Nichol. I am in your hands. If it is the request of this committee, and of you, sir, then we will certainly do everything we can to accommodate you.

Mr. Renwick: Mr. Chairman, I know enough about corporate procedures that the guy who is responsible is the top guy. Let's not fool around with it.

Mr. Chairman: Mr. Lunau can appear also, Mr. Roberts.

Mr. Roberts: Are those your wishes?

Mr. Chairman: Will Mr. Lunau be in attendance on Tuesday night?

Mr. Roberts: We will try to have Mr. Lunau here as well. Do you want Mr. Nichol or do you not want Mr. Nichol?

Mr. Chairman: Mr. Nichol and Mr. Lunau.

Mr. Renwick: Especially Mr. Nichol.

Mr. Chairman: Is that the wish of the committee?

An hon. member: Is he the top fellow?

Mr. Renwick: That is the guy we want.

Mr. Daniel: Mr. Chairman, I was just wondering. I am requested to attend on behalf of a certain marketing board which you have scheduled for May 31 and June 1. Is it the intention of the committee to advance the proceedings beyond June 1?

Mr. Chairman: Yes. What marketing board did you refer to, Mr. Daniel?

Mr. Daniel: There are a number of them at the very end on Wednesday, May 31, and on June 1.

Mr. Chairman: Yes, they will be advanced accordingly.

The committee adjourned at 10:37 p.m.

SPEAKERS IN THIS ISSUE

Breithaupt, J. R. (Kitchener L)
Eaton, R. G. (Middlesex PC)
Havrot, E., Chairman (Timiskaming PC)
Lewis, S. (Scarborough West NDP)
MacDonald, D. C. (York South NDP)
McGuigan, J. (Kent-Elgin L)
Newman, Hon. W.; Minister of Agriculture and Food (Durham-York PC)
Nixon, R. F. (Brant-Oxford-Norfolk L)
Renwick, J. A. (Riverdale NDP)
Smith, S.; Leader of the Opposition (Hamilton West L)
Swart, M. (Welland-Thorold NDP)
Wildman, B. (Algoma NDP)
Yakabuski, P. J. (Renfrew South PC)

Witnesses:

Daniel, H. J., Counsel, Ontario Fruit and Vegetable Growers' Association
Lindley, P. M., President, Ontario Fruit and Vegetable Growers' Association
Long, G., Chairman, Ontario Apple Commission
Nichol, D., President, Loblaws Limited
Roberts, F. K., Counsel, Loblaws Limited

Assisting the Committee:

Poole, W. R., Counsel for the Committee

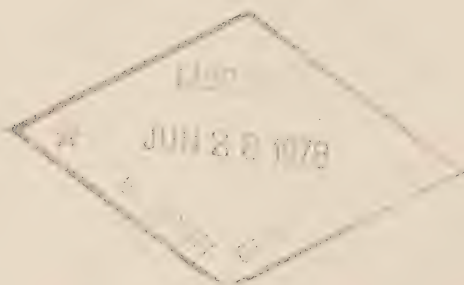


Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee

Ministry of Agriculture and Food Annual Report, 1976-77



Second Session, 31st Parliament

Tuesday, May 30, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, MAY 30, 1978

The committee met at 8:02 p.m.

MINISTRY OF AGRICULTURE AND FOOD ANNUAL REPORT, 1976-77 (continued)

Mr. Acting Chairman: I will call the meeting to order.

Mr. MacDonald: Mr. Chairman, before we call our witnesses, I think members will recall that last Thursday I began in an exploratory way to ask whether or not it was possible to devise a procedure which would get us out of this impasse of not being able to get evidence from a lot of people who have but who are fearful to come forward and present it unless their identity is completely withheld. I would like to make a motion which I discussed with the steering committee this afternoon where there was general agreement with it.

I move that the standing committee on resources development inquiring into merchandising practices in the food industry authorize its counsel, William Poole, to meet privately with any person or persons who voluntarily come forward, to work out with them procedures whereby their documented evidence can be received while Mr. Poole is protecting their identity, following which Mr. Poole will present such evidence to the committee.

Hon. W. Newman: May I speak to that, Mr. Chairman? My only concern is that maybe you should add to it that any materials given to Mr. Poole should be confidential. It's implied there but it's not stated.

Mr. MacDonald: "... Or to meet privately with any person or persons who voluntarily come forward, to work out with them procedures whereby their documented evidence can be received" while fully protecting their identity—received confidentially?

Hon. W. Newman: Just the last part of it. Would you read that again?

Mr. MacDonald: Following which, Mr. Poole will present such evidence to the committee.

Hon. W. Newman: Yes. On a confidential basis.

Mr. S. Smith: Oh, no. You are not asking that it be done in camera, Mr. Chairman?

Mr. Chairman: No.

Hon. W. Newman: No, to protect their identity, that's what I am saying. Fair enough?

Mr. MacDonald: "... will present such evidence to the committee" while continuing to protect the identity of the witness.

Mr. Chairman: Any questions relating to Mr. MacDonald's resolution?

Mr. Hennessy: I have reservations in regard to a resolution to this effect. I wonder what validity it would have. If you are hearing a lot of the evidence done publicly, and some of it is going to be done privately, is there not going to be some doubt about what is said privately as to whether it is fact or fiction? How can you really get it together and bring it out publicly?

Some people speak publicly. I can't see why a person wouldn't want to make the information public if they make it in confidence. Eventually it's going to leak out one way or another. These things that have been discussed always have a way of getting out to the people. I think there would be doubt in people's minds that the evidence given confidentially would jibe with the evidence given publicly. How are you going to sift the truth of the matter? It's strange to be hearing some witnesses in confidence while others are expected to be heard publicly.

Doesn't everybody have the right, even those who may be accused, to say, "I want to be heard in confidence"? If that were done it wouldn't be a public hearing. The public wouldn't know what is going on. If a precedent is set for one person, then everybody else has the same privilege. Therefore you would be having an in-camera meeting, or a confidential meeting, and the general public would never know what really happened.

I think there are a lot of loopholes here, and one might say, what are they fearful of? We are not living in Chicago or Detroit where some guy with a violin case is going to come in and sit down beside you when you give the evidence. This makes it a little dramatic. It's like an X-rated movie.

As I have said, what's to stop the people you really want to hear make their declarations public from demanding that they also

be heard confidentially? Will the general public or the audience here be any the wiser after that evidence is given if it's all given in confidence? Where are we going to be then? You are going to have to sift out what is right and what is wrong.

I am a little doubtful of it, Mr. MacDonald. That's the reason I say you can't have six of this and six of the other and expect to have a dozen.

Mr. MacDonald: I don't want to get into an argument because I didn't think we were going to be wasting time when we have got a witness here. Spokesmen for all parties—

Mr. Hennessy: I am glad you thought about wasting time. You waste a lot of it.

Mr. MacDonald: Spokesmen for all parties were at the meeting this afternoon and agreed that this was a defensible procedure.

Mr. Hennessy: Mr. MacDonald, I am entitled to give my opinion.

Mr. MacDonald: That's right, but you and the minister disagree.

Mr. Hennessy: Well, that's too bad.

Mr. Chairman: Thank you, Mr. Hennessy. Mr. Smith.

Mr. S. Smith: Just briefly, I think Mr. Hennessy does have a point. If this becomes a procedure whereby all witnesses insist on being heard that way, it could destroy the purpose of this. The motivation of witnesses to do this would certainly be immediately suspect and people would wonder why they were doing it.

I think in the case of suppliers, we know why they are doing that. They are very much afraid of losing markets, markets controlled by people whose retail selling power basically determines the life and death of the supplier's business.

Now we have someone who has come to us and would like to give evidence in the way that Mr. MacDonald has suggested and I think it would be very helpful to the committee to hear the evidence from this particular individual and possibly from certain others to whom we have spoken.

I can see the other point that such evidence would naturally lead certain other people to feel they have been accused in some way possibly and would like to have the right to defend themselves, and it's hard to defend yourself when you can't be told the specifics of the person who is accusing you. But I think we here are all capable as legislators of recognizing that problem and we will have to judge the evidence accordingly, keeping in mind there has not been a point by point opportunity for refutation by others

who have perhaps been accused by these witnesses in camera.

We will have to remember that evidence given without opportunity for refutation and defence is not nearly as valuable as evidence given with such opportunity. None the less it's better than no evidence at all.

Under these circumstances I support what Mr. MacDonald has suggested.

Mr. Chairman: Thank you, Mr. Smith. Any further comments on Mr. MacDonald's resolution?

Mr. Minister.

Hon. W. Newman: At this afternoon's steering committee meeting we discussed the possibility of hearing witnesses in camera. It's been alleged time and time again that there are people who would talk to someone but certainly not in this forum. The motion spells out very clearly that if somebody wishes to come forward, an individual or a broker or whoever, to the committee's counsel and would present that evidence, counsel would assess it and report to us not mentioning the name of the particular individual but the circumstances. Any evidence brought to him would be actually first-hand evidence rather than second- or third-hand, or whatever it may be.

The general idea was that if any witness came forward to Mr. Poole, who is the legal counsel, he would describe the evidence in some detail but not so as to disclose who had come forward. I think that was the general purpose of discussions this afternoon.

Mr. Chairman: That's correct, Mr. Minister. Mr. Renwick, please.

Mr. Renwick: In order that counsel will have an opportunity to advise the committee of the implications of the resolution which has been placed before it, I move that it be tabled and we proceed with the witness for the evening.

Mr. Chairman: Those in favour of tabling the motion?

Those against?

The motion to table is defeated.

Mr. Yakabuski.

Mr. Yakabuski: Mr. Chairman, is it possible that these witnesses could be heard in camera?

Mr. Chairman: Well, may I read the motion to you by Mr. MacDonald?

Mr. Yakabuski: I realize that, Mr. Chairman, but for a witness to come forward and give testimony to a solicitor, to me is like getting the news over the back fence. It's backyard gossip, more or less. I have complete faith in our solicitor but I just don't

are for that method. Certainly I don't think any witnesses—

Mr. Poole: I want you to know that you and I share that opinion.

Mr. Yakabuski: If we are to hear this, and hear this properly, those witnesses should appear before the committee. If they do not wish their names disclosed for fear of reprisals or whatever then they can appear before the committee in camera, and we would be glad to hear them. But I think it must be first hand, not over the backyard fence.

Mr. Swart: There will be some people who will be willing to appear personally with our counsel who wouldn't want to appear before the whole committee.

There is a lot of validity in what Mr. Hennessy has said, but it doesn't deal with the real issue. The issue is whether some people are going to come forward with evidence and give that evidence to our counsel while they won't come forward publicly.

It is not a case of getting the evidence publicly or getting it privately. It's a case of whether we get it at all. Because I want that evidence, I think we should take the route where we have the most likelihood of getting it.

Mr. Nixon: I was very much impressed by the president of the vegetable growers' board who spoke here at a previous meeting and he indicated there was a climate of fear in the community that did business as producers with some of the retail stores.

I can remember using phrases excerpted from his statement because I found them exaggerated. I think I even asked him if he felt they were in any way exaggerated, and he said they were not.

I feel if there are witnesses who would like to present information to our counsel privately then this committee could go into a camera session on counsel's recommendation if he felt we should have an opportunity to examine those witnesses. But they should have an opportunity to put their information before someone in whom this committee has confidence, such as the legal counsel we retained. I think the motion should be supported.

Mr. Renwick: The reason I moved the motion to table the resolution—it was not debatable and therefore I was not able to give any reasons for it unfortunately—is I think it is very important that we understand that the balance may require we support such a resolution. But I think the committee is entitled to have an opinion from counsel as

to the full implications of passing such a resolution.

I had the opportunity to discuss with my colleague, the member for York South, possible procedure that could be followed. I did not appreciate that the matter was going to be raised at this particular session because I did want, and I think the committee is entitled, to receive an opinion of counsel—or the views of counsel if he doesn't care to express an opinion—about the implications of it.

The implications are not only some of the considerations which Mr. Hennessy raised a few minutes ago, but there are others, if this committee were in fact to recommend there be further investigation by royal commission or by a continuation of this committee into other aspects of it. It is quite obvious that we are not going to complete our work in six meetings. All we will be able to do is to make a recommendation.

I think we are entitled to know whether or not the protection which we purport to give to witnesses would stand up in front of a royal commission if the commission was required, for example, to compel the attendance of counsel to this commission to disclose the names of the persons who had provided him with the information in order that the public commission could be held.

I don't know all of the implications. I am not trying to sway the committee either one way or the other. I simply want to understand what we are doing. The public necessity may require that if there is an atmosphere of intimidation, concern, fear, or the threat of possible criminal charges against persons who would come forward, then I think we've got to give very serious consideration to it before we decide that in the public interest that's the best way to deal with it. Without drawing any oblique analogy to organized crime, it is the same problem you get if you are trying to investigate the existence of organized crime. Who is going to come forward if there are some threats or intimidation? I am not drawing that analogy other than for illustrative purposes.

[8:15]

It's for that reason that I felt that our counsel should have a full opportunity—we have plenty of work before us—between now and the first session of the committee early next week to let us know whether it is an advisable procedure, bearing in mind the implications of it. I would hope that perhaps someone who hasn't yet spoken might at some appropriate moment move again that the resolution be tabled for that purpose.

Mr. Chairman: Any further discussion on Mr. MacDonald's motion?

Hon. W. Newman: I would like to point out that when the steering committee met this afternoon, it was restricted to documentation by an individual or a broker or a dealer or whoever else it may be. It had to be substantiated to the lawyer for the committee in documentation form. There was to be no hearsay or second-hand evidence; it had to be first hand. I think that that should be made very clear.

Mr. Chairman: That's right. I will read Mr. MacDonald's motion once more just to make sure that everybody understands the content of the motion.

Mr. MacDonald moves that the standing committee on resources development inquiring into merchandising practices in the food industry authorize its counsel, William Poole, to meet privately with any person or persons who voluntarily come forward to work out with them procedures whereby their documented evidence can be received while fully protecting their identity, following which Mr. Poole will present such evidence to the committee while continuing to protect the identity of the witness.

Those in favour of Mr. MacDonald's motion please signify.

Those against the motion?

There are seven for and six against.

I declare the motion carried.

Mr. Renwick: Mr. Chairman, if I may speak on a point of order to that motion, I am concerned as to whether or not that motion is binding on all members of the committee. I think we've got to proceed extremely carefully about it.

My inclination is to support the motion. My concern is that I don't think the committee has had an opportunity to consider its implications properly. I am very much concerned that if a member of the committee did not support that motion, it may well be that in order for such a resolution to be effective against all the members of the committee, it would have to be either unanimous or signed unanimously by all the members of the committee.

I, therefore, express again my very serious reservations that while on balance I think the procedure has some merit, the members of the committee apart from the steering committee are entitled to consider the substance of the implications that are involved in it. I simply want to say I don't know the answer to those things. I find it extremely difficult to think that we have no opinion of counsel about this matter before us.

Mr. Lane: I was just going to suggest that Mr. Renwick has made a good point. I would support that type of a situation because this motion says we are going to give these people confidentiality. We don't know whether we can. Should this come before a royal commission, as Mr. Renwick has pointed out we may have to disclose where we got the information. I don't think we should promise something at this committee that we can't carry through with should something else come about at some later date.

Mr. MacDonald: On a point of order: Can we ask counsel what his views are on this? We are arguing on his behalf as to whether he feels he's getting himself into difficulty.

Mr. Chairman: Mr. Poole, could you give us your opinion on this motion please?

Mr. J. A. Taylor: We have already voted on it.

Mr. Chairman: I know we voted on it. I don't know why we are even discussing it.

Mr. Nixon: With your permission, Mr. Chairman, I would like to speak to the point of order as well.

Mr. Chairman: Go ahead.

Mr. Nixon: It seems to me that since the committee has decided on a course of action, if a member of this committee were prepared to breach the intent of that course of action it would certainly be up to the chairman to report such a breach to the Speaker for disciplinary purposes. Surely this committee has the power to conduct its affairs as it sees fit. We can ask the opinion of the counsel and I would be very glad to hear it as well. But the idea put forward by Mr. Renwick is novel indeed, in that all members of the committee are not bound by a decision of the committee. I have never heard of that approach.

Mr. Chairman: Mr. Poole, could you give us your opinion?

Mr. Poole: Unfortunately, Mr. Chairman, my opinion is about as definite as an agitated perhaps on this subject, but in view of the vote of the committee, I feel that the position that I should take is that as a servant of the committee, I should do as they instruct me, and I am prepared to do that. I am grateful to Mr. Renwick for pointing out the perils of the path upon which I might be treading, but that is a problem I will have to meet as I go along. I think it would be in the interests of the committee at this stage to proceed on that basis and I think things will be clearer as we proceed, and I am prepared to do that.

Mr. Chairman: I would just like to remind the members of the committee that the motion has been carried and we have discussed

is long enough. We have some people waiting here to bring forth as witnesses and I think we should go ahead with the calling of the witnesses. Before we do that, we had scheduled Mr. Nichol from Loblaw's to come for the meeting tonight, and Mr. Frank Roberts is here to explain the reasons why.

Mr. Roberts: Thank you very much, Mr. Chairman. As I indicated to counsel early yesterday morning, sir, when I spoke to you on Thursday evening, you requested that Mr. Nichol and Mr. Lunau—an additional name—attend this evening. I found out that Mr. Lunau is in Halifax at the Canadian Grocery Distributors Institute convention, I think—which I believe is where Mr. Wolfe was—and that Mr. Nichol advised me that he was out of town as well at a meeting that he had scheduled, putting it over from last week, when he had scheduled himself in here. They will both be back tomorrow afternoon and both be available to give their evidence Thursday night or whenever you so wish hereafter. I advised Mr. Poole of that yesterday, and I appreciate the opportunity of putting that to you.

Mr. Chairman: Thank you very much, Mr. Roberts. We have Mr. Nichol of Loblaw's and the other gentleman you mentioned scheduled for Thursday, May 1, at 8 o'clock. Thank you very much.

Now we will call our first witnesses: Mr. Bolton of Dominion Stores, Mr. Allen Jackson, executive vice-president of Dominion Stores and Mr. John Toma, senior vice-president of marketing at Dominion Stores.

Mr. Bolton: Mr. Chairman, it will be Mr. Jackson and myself who will be on the stand.

Mr. Chairman: Thank you very much. Would you gentlemen come forth to take the oath please?

State your name, sir.

Thomas G. Bolton, sworn.

Allen C. Jackson, sworn.

Mr. Chairman: Gentlemen, if you have your legal counsel, perhaps you would like to introduce him.

Mr. Bolton: Yes, I shall introduce him, if may. We have our counsel, Mr. Paul Lamek, of Fraser and Beatty.

Mr. Chairman: Do you have any opening statements, Mr. Bolton or Mr. Jackson?

Mr. Bolton: Yes, Mr. Chairman, I would like to read a statement and there are copies available. My statement to the committee is laid out in point form.

Firstly, Dominion Stores Limited is a publicly-owned food retailing company owned by over 7,000 Canadian investors, operating in even Canadian provinces—a truly Canadian

organization. In the province of Ontario, the company has, over recent years, operated more than 200 retail food stores.

Dominion Stores serves the consuming public as part of one of the world's most efficient food distribution systems including farmers, processors, wholesalers, distributors and consumers. We feel justifiably proud to have made a substantial contribution to the development of that most efficient food marketing system.

This efficiency has helped generate a food marketing system in Canada which has greatly benefited Canadian consumers, who have been spending a progressively smaller share of their disposable income on food for home consumption. In addition, this compares favourably to the United States where the distribution system realizes economies of scale generated through a significantly larger population base. In fact, the ratio of disposable income spent on food in both countries is recognized as the lowest in the western world, thereby making it easier for consumers to accommodate increases in expenditures for other commodities in the fields of energy, personal luxuries, et cetera.

On the subject of earned cost reductions, our company has had a long term philosophy of co-operative development of marketing programs with suppliers to promote distribution and sale of their products through our stores. By earned cost reductions we mean cost reductions granted by our suppliers in recognition of services which we perform for them or benefits which they realize by dealing with us. Earned cost reductions include such items as volume discounts, performance allowances, promotional and advertising allowances, all of which, of course, are entirely legal, proper and common arrangements in all facets of Canadian business. We believe that producers, processors, retailers and ultimately consumers share in the economies of scale and all benefit from lower delivery, warehousing, administrative and advertising costs.

Dominion's pricing policy is one of being as low as or lower than major competition on regular everyday overall pricing, supplemented by a program of advertised specials and in-store features which represent value to consumers, bearing in mind Dominion's high standard of quality and presentation. Earned cost reductions form an integral component in calculating the retail price of merchandise to the consuming public. These earned cost reductions are estimated and passed on to the consumer in advance of our receiving them. Any reduction or elimination of earned cost reductions would

necessarily result in increases in retail price to the consumer.

[8:30]

Reference during the inquiry has been made to correspondence from the Grocery Products Manufacturers of Canada (GPMC) dated January 20, 1977, to Dominion Stores Limited, relevant to the relations of Dominion with members of that association. Correspondence from GPMC, dated February 14, 1977, and from Dominion to GPMC of February 16, 1977, further clarifies this subject.

Dominion has made it a regular practice to meet with major suppliers who perform such an important contribution to our business. In the past year chief executive officers and senior officer representatives of over 100 suppliers have met with the chief executive and senior marketing officers of Dominion to discuss areas of co-operation to jointly assist in maintaining the lowest food prices possible.

Recent allegations by representatives of the growers require comment.

1. Dominion does not nor has it ever deducted an unarranged percentage from any grower's invoice. We pay the market price for the merchandise and negotiate the rate of earned cost reductions with the distributor or agent, making certain that all arrangements that we accept are offered to all like accounts in accordance with the combines legislation.

2. The issue raised regarding the selling of advertising space to a supplier to cover the cost of a full page ad is erroneous. Included in the promotional programs we provide to a supplier is a variety of services such as in-store displays, price reductions to the consumer and advertising in 89 newspapers across Ontario.

3. We do not have a listing fee. We do get offers from many suppliers of an introductory allowance which is common practice in the industry.

4. Delisting of products happens continuously year after year. We are offered anywhere from 800 to 1,000 new items each year. Of these, we generally accept 200 to 300 new items. Approximately the same number of items are replaced in our stores, and these generally are the slower sellers in a given commodity group.

5. The independent grocers, although not showing any significant rise in market share, do continue to open new stores each year. The independent grocers also benefit from earned cost reductions through their arrangements with the particular wholesaler they do business with, as well as benefiting in

many cases from free labour by supplier salesmen.

The rapid growth of the convenience store business in this province indicates the market place is still viable for the entrepreneur.

6. The allegation that there has been a reduction of choice on variety in the market place is completely unfounded. Our variety has grown in the last five years from approximately 9,000 items in 1973 to just over 10,000 in our latest year.

I would refer you to exhibit one attached which shows the trend of expenditure on personal disposable income on food consumed at home from 1950 and relative five-year spans for Canada and the US.

We welcome the opportunity of contributing to the inquiry and Mr. Jackson would be pleased to answer any question that we can. If we do not have the information, we would be glad to supply it to counsel for the committee.

Mr. Chairman: Thank you very much, Mr. Bolton.

Do you have any comments, Mr. Jackson or any presentation? Our first questioning will be from the minister. Mr. Minister please.

Hon. W. Newman: I would like to ask Mr. Bolton a few short questions. What are the most common type of allowances that your company receives from your suppliers?

Mr. Bolton: The most common types of allowances received from suppliers? May I recite some of the detail from our philosophy on co-operative allowances and that might help to explain.

As I indicated in my opening remarks, we have had a long-term philosophy of co-operative development of marketing program with suppliers. Normally on an annual basis the supplier, frequently at the chief executive level, together with his marketing people and ours, get together and jointly determine what the opportunity is available in the forthcoming year, as far as their product is concerned throughout our stores.

On the basis of a joint determination to reach a specified objective, then a program of promotional efforts is outlined and this is progressively monitored through the year. It may be related to a volume discount on which our company will perform in the promotional field through in-store activity by advertising the product and by reduction of price to the consumer.

To say that there is one format that is used for all suppliers is not the case. The co-operative arrangement in which we both agree to reach the end objective that we have determined is invariably tailored to meet the

particular company involved and our own opportunity to do so.

The individual types of earned cost reductions, as I mentioned, include volume discounts, performance allowances, promotional and advertising allowances. I don't know whether I have answered it, but that is to the best of my ability right now, unless I can be asked for more definitive terms.

Hon. W. Newman: I'm sure we'll get into this in more depth, but supposing I'm a farmer and I wanted to put a product on your shelves—let's say it's blueberries, and I wanted to move these into your store, and you were working with some other group. As an individual producer, how would I go about getting my commodity onto your shelves?

Mr. Bolton: The great bulk of our arrangements on products of this nature—and I would ask Mr. Jackson to comment on this too—ordinarily farm products are made through what we might call distributors or shippers. Our arrangements are invariably made with them, not directly with the grower himself.

Mr. Jackson: During the local growing season, Mr. Newman, we do deal directly with farmers who will come in and sell us products. Quality, along with competitive price, would be the determining factor in whether we would buy your blueberries or not.

Hon. W. Newman: Rather than blueberries, any commodity that I grew on the farm?

Mr. Jackson: You are talking about Ontario produce. Basically this is the local growing season so the same would apply—unless it is determined by a marketing board, and then the price is set for us, of course.

Hon. W. Newman: I realize the marketing boards do set them.

Mr. Jackson: There is no dickering on price. It is strictly whatever the market price is.

Hon. W. Newman: If I come in and you say you are going to give me \$1 a quart for my blueberries, that is it. There is no discount. I get \$1 a quart for my blueberries.

Mr. Jackson: Yes. We would try to encourage you to produce the best quality product, because that is what we are interested in.

Hon. W. Newman: Another question. I know you have a lot of commodities; you mentioned it in your brief. But if you want to delist a product or add a new product, is there any criterion outside of sales volume that you use?

Mr. Jackson: Space in our stores is at a premium, as we mentioned in Mr. Bolton's opening remarks. We increased our breadth of line in four short years by 1,000 items.

Perhaps a good example of what may take place in the next few months is the addition of generic products in our stores, where we have added a total of—I think we are up to about 35 or 36 lines and this could expand to 50 or 60, depending upon movement.

We just cannot continue to add lines and keep a store in reasonable shape for the consumer to shop in. Generally, the slower-moving lines have to go. You can't just automatically discontinue all of the slow selling items. There are certain items that do not turn over in ratio. You have to have Lea and Perrin sauce or Tabasco sauce. You only carry one brand of Tabasco sauce, but you must have that. You can't discontinue it simply because it doesn't turn over.

A constant review of our commodity groups is done on a weekly basis by our buyers and reviewed by the senior marketing people on a quarterly basis where a complete review is done of all the commodity groups to determine what our breadth of line will be. I am sure you are aware we are continually building larger stores. This enables us to carry a much wider breadth of line in large stores, but you cannot carry 10,000 lines in a 6,000 square foot store compared to a 50,000 square foot store. There is no way.

Mr. Bolton: I would like to add to that, if I may. In the final analysis, it is the consumer who tells us what we should carry. We may put something on our shelves that we think is desirable. If, as Mr. Jackson says, on the regular weekly movement reports we find it is not turning over, we have no alternative. We have to get something else that the consumer wants.

Hon. W. Newman: I will make this my last question with the opportunity, hopefully, of coming back later. Does your company ever deduct allowances without prior agreement with your suppliers?

Mr. Bolton: We have commented on that.

Hon. W. Newman: Yes, you did in your statement. I just wanted to follow it up.

Mr. Bolton: Dominion does not, nor has it ever deducted an unarranged percentage from any grower's invoice. I will carry that a step further and say that in all our co-operative arrangements with suppliers they are clearly defined individually for the particular co-operative arrangement on an earned cost reduction. It is confirmed to us that this same arrangement by the supplier has been made available to others in the trade.

Mr. S. Smith: Mr. Bolton, you refer in your statement to some correspondence with the Grocery Products Manufacturers of Canada. That is, correspondence dated January 20, February 14 and February 16, 1977. Would you be so kind as to make that correspondence available to us?

Mr. Bolton: Yes, I would be glad to.

Mr. S. Smith: Do you have it with you?

Mr. Bolton: Yes, I do. I don't have copies. I can have some made.

Mr. S. Smith: I am sure the clerk, who is approaching you from your right-hand side would do that.

Mr. Bolton: I have it all stapled together. Just give me a moment.

Mr. S. Smith: I see why Dominion deals in staple commodities.

Mr. Bolton: I don't want to tear it. I believe you already have the letter of January 20, do you not?

Mr. S. Smith: I do not.

Mr. Poole: There are three letters dated January 20, February 14 and February 16. [8:45]

Mr. S. Smith: I note that you refer to earned cost reductions of various kinds. Let me, first of all, take up the small matter of the two per cent discount that was referred to by Mr. Lindley in his news release of May 4, 1978. He says, and I quote:

"Dominion is just launching its discount program. It is asking suppliers to sign a form giving it authority to deduct two per cent from the purchase price of Ontario produce for earned cost reductions." He goes on to ask: "Whatever could that be?"

Was Dominion, in fact, offering this type of form and did you, in fact, ask suppliers to sign such a form, giving Dominion authority to deduct two per cent?

Mr. Bolton: May I tell you what developed from Dominion?

Mr. S. Smith: Of course.

Mr. Bolton: Quite early this year, it was brought to our attention that a competitor was gaining an allowance which was not available to Dominion. I would hope, in the course of our stay here this evening, we might impress on the committee the fact that this is a very competitive industry.

This particular allowance, or discount, being obtained by a competitor, as I say was brought to our attention by a supplier, because it was presumed that it was being granted to one and not to another. On this premise, and because it was not in the growing season, it was a matter for discussion

and in due course it was determined that we would participate. It was determined jointly by Dominion and this particular supplier that we would participate in an arrangement equal to that being obtained by a competitor.

We went through the procedure of establishing our documentation which would place such an arrangement, an earned-cost reduction, within the bounds of our corporate policy and within our interpretation of the Combines Investigation Act.

This subsequently generated, I must say to other suppliers, as the knowledge spread about and further agreements were made with other suppliers, much of it being outside of the growing season. During the course of that period early this year and the present time the effect of these agreements was that Dominion received from these shipper accounts a total of less than \$1,000 in earned cost reductions. I might also say that, in addition to our documentation on the earned cost reductions with the shipper-suppliers, we had confirmation from each that in no way would such an earned-cost reduction impinge on the price paid to the grower for his product by them, the shipper. That developed to the point that the subject became one for some discussion in the House and we determined, as the result of hearing from the Ontario Food Council, that the matter was of some concern. Until it was rectified we determined to discontinue it and so advised all the participants, whether we had received any earned cost reduction from them or not. That was effective—it must be two weeks ago now.

Mr. Jackson: I just want to clarify one point, Mr. Smith. The arrangement we made with the shippers was not an agreement to deduct two per cent from an invoice. It was an agreement to promote the sale of products they would be selling us in the amount of two per cent, but it wasn't an agreement to deduct it from an invoice.

Mr. S. Smith: I see; it was a promotional discount or a promotional allowance.

I take it, then, that you continue to believe that there is nothing basically wrong about the arrangement and that you stopped it just because there was some concern in the House. Is that correct?

Mr. Bolton: The subject of earned cost reductions is, as I say in my observations, a facet of Canadian business. It's one that's associated, if you wish, with the farm trade in their allowances for fertilizer. These are common arrangements. They do from our experience, in a form of co-operation, generate benefits for all concerned.

Mr. S. Smith: Mr. Bolton, you mentioned that somehow the news got around and this "generated" some suppliers, to use your words. I take it you are suggesting that it generated the suppliers to offer you this type of discount? Do you disagree with Mr. Lindley's testimony that Dominion was asking suppliers to sign such a form?

Mr. Jackson: I'll comment on that. As Mr. Bolton said, it came to our attention through a supplier originally. Upon questioning other suppliers we learned that they had agreed with one of our competitors and were paying this two per cent. As Mr. Bolton said, this is an extremely competitive business and we cannot be put at a disadvantage at any time. We talked to the suppliers and they agreed to go along with the two per cent promotion allowance with us.

Mr. S. Smith: My only reason for the question is that in an extremely competitive business it's not simply a matter of not letting your opponent get the jump on you, but if you can get the jump on him there is certainly nothing wrong with that, if you're doing something that's reasonable. I don't understand, therefore, why you stopped. I take it that it was the hubbub in the Legislature that prompted it.

Mr. Jackson: There was a question at one point, when we learned through the retail council that one of the competitors had agreed to discontinue the practice. There was then a question in our minds as to the legality of it.

Mr. S. Smith: Even though Mr. Bolton assured us that it was only accepted by Dominion on the basis that it would be made available to everybody else?

Mr. Bolton: That's right, if I might answer this. Once this was discontinued with what we presumed to be the only competitor involved, then it would only be available to Dominion. On that basis, we do not consider it to be within the interpretation of the combines act.

Mr. S. Smith: Excuse me for pursuing it. It may be a small point, Mr. Bolton, but surely the thrust of your statement and your first answer to me on this matter indicated that you believed that as long as it was going to be made available to all other customers, then the supplier could offer you the two per cent discount without contravening the combines act. Whether some other customer happened to take advantage of the offer or stopped taking advantage of the offer surely was not relevant.

Mr. Bolton: We presumed that once it was withdrawn by the competitor we were aware of and was not being taken up by any others in the industry, we were the sole one; being the sole one, until the air is cleared we would prefer to withdraw.

Mr. Jackson: I think your point is well taken. I think that if it is offered and not taken up it's legal.

Mr. S. Smith: I'm sure that's the argument you've made. The next question I wanted to ask concerns your mention that Dominion does not deduct an unarranged percentage; and a lot of stress is put on that, obviously, and I can appreciate that. Can you explain to the committee, Mr. Bolton, how you make certain that all arrangements that you accept are in fact offered to all like accounts in accordance with the combines legislation? What is your means of making certain that such offers are, in fact, available to all?

Mr. Bolton: Part of our documentation in connection with each and every earned cost reduction agreement is a written acknowledgement by the supplier that this same agreement has been offered to the trade generally and may be taken up where applicable. We have that assurance, as we had in the case of the produce shippers.

Mr. S. Smith: How does that come? Does the supplier voluntarily come up with something? Or do you give him a form statement that he has to sign to ensure that he has made this offer or to the best of your knowledge has made this offer to others?

Mr. Bolton: Yes, that's right?

Mr. S. Smith: It's a form statement you give him to sign?

Mr. Jackson: The supplier receives a confirmation that says that right on the confirmation—that it's available to all like accounts.

Mr. S. Smith: All right. Regarding the issue of selling of advertising space, you suggest in your statement, Mr. Bolton, that Dominion does not sell the advertising space without at the same time making it part of a sort of package deal which includes certain shelf space arrangements, in-store displays I think you called it, price reductions and so on. Is that similar to this schedule, for instance, that Loblaw's has? Perhaps I could pass it to the witness. He could glance at it and see if he feels it's somewhat similar. You may not have that. If so, I'll enter it as an exhibit in a moment, Mr. Chairman.

Mr. Poole: I don't remember that. What is it called?

Mr. S. Smith: It's a merchandising package, I think you would call it, from Loblaw's.

Mr. Jackson: We have something similar.

Mr. S. Smith: Something similar. Would you be willing to make available to the committee your rate card, so to speak; your package and what it costs?

Mr. Jackson: I'm not sure it's relevant, Mr. Smith, to what we're attempting to determine here. Perhaps you may have other views, but the money that is spent on promotion in our stores is accumulated by the supplier. It comes out of his marketing dollars, I've been in the business 31 years and I'm still learning; I'm not sure we can educate this committee in two and a half hours as to how the whole grocery industry works.

Mr. S. Smith: I didn't realize I was asking for you to do that. I was really asking whether you'd make available to us your rate card.

Mr. Jackson: We don't publish it for the general knowledge of everybody in the whole world. It's published for our suppliers. Our suppliers have it available.

Mr. Bolton: I might add to that, as I indicated each supplier we deal with on earned cost reductions has his program tailored to his needs and our needs in order to meet the end objective of the whole earned cost reduction program; which is frankly, to stimulate the volume of his product through our stores. To say that ours is combined, has the same dollar figures or the same display requirements—actually part of our package with suppliers is price reduction, and price reduction is a far greater contribution than some of the dollars I see here; it really is in our special line items.

As Mr. Jackson says, we have formats to discuss with suppliers, but they're not regimented. This is the first I've seen of this. Ours is not as regimented as this, may I have a copy?

[9:00]

Mr. S. Smith: I'll certainly make this available to the committee. What we're interested in, Mr. Bolton, is some idea of the magnitude of some of these discounting practices, things that might be available to a large company like yours which has ads which they place in the newspapers, and advertising ability and so on which might not be available to others. What we're really interested in is the magnitude of this; that's why personally I would like to know the kinds of discounts that are available for this.

You claim they're tailor made to each individual company, but I would like to know

whether that's the sort of allowance you're talking about. In the case of Loblaw's, for instance, a line mention—if you also provide a case allowance—a line mention in the ad, with the reduced retail price—all the things you've mentioned—costs \$10,000 in addition to the case allowance.

Do I take it that a line mention for Dominion costs a lot more than that, or a lot less than that?

Mr. Bolton: Again, I say—and I'm not trying to circumvent your question—it's tailored to the needs of the company. We have, in Ontario, 200 stores. A market may cover only Toronto, which is roughly 95 stores. It may only cover southwestern Ontario or the Ottawa area or the head of the lake. It may require one end-island display. It may require two end-island displays. It may require a certain size block in the local paper or in as many as 89 papers.

Each situation has to be talked out, because the impact of having it in 89 papers versus 40 papers, two end-island displays versus one, a price reduction of 10 points versus a price reduction of 30 points—these all add up to the degree of the contribution. However, having said that, as Mr. Jackson has tried to leave the thought, these are not earned cost reductions until they are earned by us by performance. We perform by producing the required objectives in the volume.

Mr. S. Smith: Basically what you're saying, if I understand it, is that you don't get paid until after the products have been sold.

Mr. Bolton: That's right.

Mr. S. Smith: Yes, I understand that. So these are tailor made to each individual company, according to their particular needs with your chain. How, then, are they made available to all the other chains and to all other companies and smaller companies and so on? Do I take it that the proceeding is that first they arrange this tailor made arrangement with you and your company; then, having done that, they rush out to tell all the other chains precisely the nature of the tailor made arrangements they've just made with you so they can offer this very same thing to everybody else?

Mr. Jackson: No, they would allocate the same percentage of funds to the other retailers.

Mr. S. Smith: The same percentage? Let's be clear on this. It's a very important point. They would calculate a percentage of funds and would offer the same percentage of funds discount to the other retailers, depending on what that percentage came to?

Mr. Jackson: Yes.

Mr. S. Smith: I see. Do you keep some record of these tailor made arrangements for each firm? Is it a fact, for instance, that you have a book in which these earned cost reductions for various firms are kept on file, a book which you may have only one or two copies of?

Mr. Jackson: You seem to be quite well informed, Mr. Smith.

Mr. Bolton: We have a record.

Mr. S. Smith: You have a record.

Mr. Bolton: Of course we do. After all, we have already paid out for the advertising. We have reduced the prices of merchandise anywhere from 10 to 30 points. We have spent money on labour in reallocation of space in the store. We have accumulated these costs and we must get some recompense for it. Yes, certainly we have a record.

Mr. S. Smith: Indeed. In the tailor making of these things, and in your book somewhere, do you ever have situations where companies may feel their best interests would lie in merely being part of one of your ads and not engaging in any of the other promotional aspects that you may think are good for them? Do you ever have situations where that happens, where they can participate in the best of ads but not necessarily get into this other stuff with you?

Mr. Bolton: I can't recall individual incidents of advertising only; that is price, copy, advertising—there may be.

Mr. Jackson: I think most of the suppliers are basically interested in the display aspect, Mr. Smith.

Mr. S. Smith: You don't recall any instance here that was the case.

I take it there's a different price. What if they want the display in the store but they don't want to be part of your ad? Are they ever permitted to do that?

Mr. Jackson: Absolutely.

Mr. S. Smith: Presumably the price is a lot lower for doing that rather than having it be part of the ad?

Mr. Jackson: I can't recall what the differential is, but there is a price reduction.

Mr. S. Smith: Would you be able to tell us what the differential is for a simple line mention in one of your ads, along with your in-store displays, versus the in-store display without the line mention?

Mr. Jackson: We could, but you've gone a long way around to get to the original question you asked at the beginning. I just can't see that it's relevant.

I think the main point we have tried to make in earned cost reductions is that they form part of our pricing philosophy, part of our gross margin. If they disappear the retail price has to rise; that is what we've said.

Mr. S. Smith: I understand that. I don't want to get to the bottom line just yet.

What I'm asking for is the difference in cost between an earned cost reduction package that deals only with an in-store display, this sort of thing, versus the very identical matter but which also includes a line mention. I'm trying to find out what the cost is of getting that line mention.

Mr. Bolton: I have no idea.

Mr. S. Smith: Would you be good enough to obtain that for us? Can we ask you for that information?

Mr. Bolton: We will look. I'm not sure whether we have costing on that, but I'll have a look.

Mr. S. Smith: You're not sure, Mr. Bolton?

Mr. Bolton: I'm not sure whether we have costing on the particular situation you mention.

Mr. S. Smith: You have no rate card or anything of this kind which is offered to your suppliers, in the way that Loblaws does it?

Mr. Jackson: Not exactly in that form.

Mr. S. Smith: Not exactly in that form. Do you have one in any form?

Mr. Jackson: Yes, we do.

Mr. S. Smith: Would there be on that particular form—on that particular card or whatever you want to call it, that offer—entries for the cost of an in-store shelf promotion only versus an in-store shelf promotion plus a line mention, or plus a block?

Mr. Jackson: That may be, but I'm not aware; I can't recall.

Mr. S. Smith: You're not aware whether you have that?

Mr. Bolton: I presume you're exploring this to get some information on the makeup of our earned cost reduction program.

Mr. S. Smith: The reason I'm exploring this particular point—and if I'm doing it obtusely, please forgive me—what I'm attempting to do is to find out what the real cost is to your supplier to participate in one of your full-page ads or any of your large ads; and whether in fact the amount of money being spent on his portion of that ad is equivalent to what you're charging him for his portion of that ad. That is a very important matter.

Mr. Bolton: I would say, with due respect that the cost of that line mention in an ad

is not relevant. The earned cost reduction applicable on the program developed for that particular supplier is incorporated in our gross margin and reflects in the ultimate price to the consumer.

Mr. S. Smith: No doubt whatever money you can get from the supplier under any circumstances might reflect in the eventual possibility that you either make the profit or pass it on to the consumer. I have no doubt that whatever you can get from the supplier, no matter how you get it, would be reflected in that way.

I am personally very interested—and I believe other members of the committee are interested—in the question as to whether, when people participate in these ads of yours they are paying an amount for the advertising space over and above the shelf matters and all the other things we've talked about; that, in effect, means your company makes money on the advertising business. That is what we're trying to find out.

Mr. Bolton: We're not in the business of selling advertising space. We're in the business of selling earned cost reductions to promote a supplier's product at the lowest possible price to the consumer. I think that is correspondingly reflected in our gross margin, which varies little over several years; and again in our published figures for our net profit after taxes.

Mr. S. Smith: I have some questions about profit but we'll get to that in a moment.

Mr. Jackson: Frequently the cost of reducing the selling price of the product will far exceed the cost the suppliers pay.

Mr. S. Smith: Yes. Do you have such a thing as a "case allowance"?

Mr. Jackson: Absolutely.

Mr. S. Smith: Would you describe to the committee what a "case allowance" is?

Mr. Jackson: It depends what month it is or what time of year, but we could have anywhere from 100 to 200 products that are on "case allowance" at any given time. This is where a supplier comes in and allocates a reduction in cost; it could be 20 cents a case, it could be 50 cents a case, it could be \$1.50 a case or \$2 a case, depending upon how far he wants to go in order to get a lower retail price on his product.

Mr. S. Smith: Are such case allowances part of every package that involves participation in your large ads or not?

Mr. Jackson: No.

Mr. S. Smith: They're not a necessary part of participation in such ads.

May I ask you whether you could give us some ballpark estimate as to some of the figures involved here. For instance, do you have any idea at Dominion, what a discount would be—earned cost reduction as you call it—in the dairy industry nowadays? What might you ask your dairy supplier to accept as part of an earned cost reduction for milk, as an example, in some area of rural or semi-urban Ontario?

Mr. Bolton: We consider that to be of a confidential nature, and if stated would be of benefit to the competitor. I would prefer not to answer it in public. I'd be glad to discuss it with counsel.

Mr. S. Smith: Well it was my understanding that anything that you are able to obtain has to be made available to your competitors. Now if you don't wish them to know about it, how can it possibly ever be made available to them?

Mr. Bolton: That's the responsibility of a supplier.

Mr. S. Smith: Do you believe that the supplier in fact does fulfil his responsibility in this way? Or do you just get him to sign a paper and then hope he doesn't tell anybody?

Mr. Bolton: Mr. Chairman, I would appreciate that the inferences by Mr. Smith be not so strong.

Mr. S. Smith: Mr. Bolton, let me put it differently to you. I have to assume that when they sign this paper you expect they mean what they sign, and it is not a pro forma thing which they are then going to keep secret. You surely expect that they are going to go to the competitors and offer the very same arrangement that they have with you. You expect them to do that. You told the committee you expect them to do that. You're not signing it merely for form, you're surely signing it because you mean it.

Mr. Bolton: I would prefer that the supplier make that information public. We have nothing to hide, but I'd prefer, from a confidential and competitive standpoint, to pass the information along to counsel.

Mr. S. Smith: Forgive me, sir, I don't wish to be in any way offensive to you. When your supplier signed these forms saying they are going to make the same deals available to other customers—to your competitors in other words—you must surely believe that they are going to do so; or you believe that they are not going to do so. If you believe they are going to do so, you must also believe, therefore, that the other chains already know what discount you are able to obtain,

or what earned cost reduction you are able to arrange with your supplier.

Mr. Jackson: Under the same terms.

Mr. S. Smith: Indeed, that being the case, and since I am asking you about a percentage of funds—since we were told earlier that gross percentage terms are the basis on which it is made available to others—you need have no hesitation in divulging a percentage here with regard to the question I asked you, it would in no way give your competitors an advantage over you because presumably they already know it.

[9:15]

Mr. Chairman: Excuse me, gentlemen. I have been advised that under the combines act the onus is on the seller, not the buyer, so long as the buyer does not conspire with him to commit an offence.

Mr. S. Smith: Of course, you're absolutely right, Mr. Chairman. The onus is on the seller and the seller signs a statement which he gives to Dominion Stores saying that he is, in fact, making the same matter available to other buyers. Dominion Stores then either believes that or believes that it is false. If they believe that it is true, then they have nothing to fear because the competitor has already been offered the very same discount; therefore they should be able to tell us.

If they believe it is false, then it opens some very interesting possibilities. But he has just said he believes it is true and I don't wish to impute any other meaning to his words. If you believe it is true, you must therefore believe that your competitors already know what discounts you're getting.

Mr. Jackson: All competitors don't deal with the same supplier.

Mr. S. Smith: The competitors dealing with your suppliers presumably are offered and they already know.

Mr. Jackson: Under the same terms—

Mr. S. Smith: Under the same terms, that's correct.

Mr. Jackson: There are more than one or two competitors we are talking about, and more than one or two suppliers.

Mr. S. Smith: Of course.

Mr. Jackson: We're not prepared to put out a sheet and say, "This is the arrangement we have with this supplier, and this supplier, and this supplier."

Mr. Bolton: With due respect, Mr. Smith, I defer to your suppliers for information.

Mr. S. Smith: I imagined you would. One of your suppliers may well give information under the arrangements we've just made.

All right, I'll ask this question more specifically. Are there occasions on which your earned cost reduction for dairy products such as milk—let's take milk as a good example because milk is not something that, except for price reduction, you're likely to persuade a whole lot of people to buy by advertising—

Mr. Jackson: Milk is not a commodity unto itself. There are by-products of milk in the agreement.

Mr. S. Smith: Well, we'll just take milk for the moment.

Mr. Jackson: We can't just take milk.

Mr. S. Smith: You never buy milk?

Mr. Jackson: Yes, we do, but it's bought on the basis of a total package of all the products, not just milk.

Mr. S. Smith: I see. There has never been a situation where, in fact, you buy milk unless you buy a whole lot of other products as well?

Mr. Jackson: As far as I'm concerned, that's correct, yes.

Mr. S. Smith: Let's take all the products we might buy from a dairy, a dairy in semi-urban or rural Ontario. Do you deny under oath that—let me just go back for a moment. Do you in fact say to me that you will not buy milk from a supplier of milk unless he also sells you other products?

Mr. Jackson: Not necessarily, no.

Mr. S. Smith: Not necessarily. So you do sometimes buy milk even if he doesn't sell you other products?

Mr. Jackson: Sometimes, in a local situation, yes.

Mr. S. Smith: In a local situation you might buy milk even though he doesn't sell you other products?

Mr. Jackson: Possibly, yes.

Mr. S. Smith: All right. That's what I thought I was asking in the first place. If you buy milk, can you give us some ballpark figure as to the kind of discount you might expect from a dairy for buying milk?

Mr. Bolton: Mr. Stuart, again—

Mr. S. Smith: Smith.

Mr. Bolton: Mr. Smith—

Mr. S. Smith: Thank you.

Mr. Bolton: Well I'm becoming friendly, I guess; I'm sorry. Again, I say, on the matter of exposing individual earned cost reductions, we would defer to the supplier involved, for the reasons that I gave.

Mr. S. Smith: Do you deny under oath—let's take some numbers—that in certain sales

of milk to certain dairies your earned cost reduction might be 21 per cent or 19 per cent or 26 per cent; or in that ballpark?

Mr. Bolton: Again, I suggest that the reference be made to our supplier.

Mr. S. Smith: Let me ask something that you might know. Have you received cheques, month by month—let's say two years ago—from a dairy paying a discount to you for the milk that you sold, milk which you bought from the dairy? Have you received cheques made out to Dominion Stores which purported to represent a discount of 19 per cent? Has that ever happened?

Mr. Bolton: We have no recollection, sir, of individual receipts. I don't, and I am sure Mr. Jackson does not.

Mr. Jackson: I think you should recognize, Mr. Smith, that we deal with over 1,000 suppliers and there is no way that I can memorize every deal, nor can Mr. Bolton or anybody in our marketing department.

Mr. S. Smith: Of course, I understand that. I take it that 19 per cent is not way out of line; it is somewhere in the ballpark?

Mr. Bolton: May I ask a question of you, Mr. Smith? Do you have some specific supplier in mind? Would you like to state your case?

Mr. Yakabuski: Good question.

Mr. J. A. Taylor: Come out from behind the barn. Get it out in the open.

Mr. S. Smith: I detect a certain discomfort among the Tories.

Mr. J. A. Taylor: Instead of insinuations why don't you come out from behind the barn?

Mr. Yakabuski: You bombed out on that one.

Mr. Chairman: Mr. Smith has the floor. Will you continue please?

Mr. S. Smith: Would you think it was possible that you received, month by month, two years ago, a discount of 21 per cent on milk?

Mr. Jackson: From which supplier?

Mr. S. Smith: From a supplier. Does that strike you as possible?

Mr. Bolton: Mr. Smith, if you could be helpful to us to zero in on the particular situation—

Mr. S. Smith: Ah yes, I have no doubt.

Mr. Bolton: —I think we could be helpful to you.

Mr. S. Smith: I'm afraid the supplier feels that your helpfulness is something he would

rather not rely upon. What I am saying to you, very simply, is it reasonable to speak of 21 per cent two years ago? Does that strike you as reasonable? Obviously if your response is that you can't remember or it is too many or you don't know how many such discounts, it obviously doesn't strike you as something outrageous. If your average discount were two per cent on milk and I suggested 21 per cent, you would know immediately that it was outrageous. I take it that it is not outrageous, it is possible.

Mr. Bolton: By what may appear to be devious answers we are not making any statements with regard to the magnitude of any discount with respect to milk, Mr. Smith. Again, I would ask of you that you give us some assistance with respect to the particular supplier you have in mind.

Mr. S. Smith: Do I take it, Mr. Bolton, that what you are saying is that you are appearing in front of this committee which is looking into the matter of discounting practices and that you have not the slightest intention of telling us the amount of discounts that you at Dominion Stores have been able to obtain from your suppliers; and that any attempt to ask you about the amounts, the discounts, the costs of these promotional packages, et cetera, will all be met by the same answer that you simply refuse to divulge it; at first on the basis that your competitors would know something, and then when that proved to hold not too much in the way of water, that you simply just don't want to tell us?

Mr. Bolton: That is a pretty broad statement, I would say, on your behalf.

Mr. S. Smith: It is indeed.

Mr. Bolton: The particular point that you have made with reference to a milk supplier is one I have suggested be referred to the supplier himself. I gather from your further questioning that this has already been referred to the supplier. The only way we can answer your question specifically is to know more of the circumstances. If you will tell us the circumstances here, or in any other case, we will try our best; or we will supply counsel with the information if we do not have it available.

Mr. S. Smith: Do you by any chance have any idea of what your average discount on your dairy products would be? For instance, is it a fact that it is 26 per cent?

Mr. Bolton: We have dairies supplying us from Saskatoon through to Grand Falls, Newfoundland. Quite frankly, I have no average discount, be there a discount, in mind.

Mr. S. Smith: In Ontario, is 26 per cent out of line?

Mr. Bolton: I have no knowledge. I am not at close to the operation.

Mr. S. Smith: Perhaps Mr. Toma is a little loser. He might be able to tell us. Would he be willing to take the stand?

Mr. Jackson: It is not going to get you your answer. Mr. Bolton has said we are not prepared to make that statement unless we know more about what you are talking about.

Mr. S. Smith: I see, the average discount on dairy milk in Ontario, is it in the neighbourhood of 26 per cent, that question is beyond our ability to answer?

Mr. Jackson: If you want to take the average discount on dairy products—

Mr. S. Smith: In milk, I said; and I said is in the vicinity of 26 per cent,” and that not within your capacity to answer? The resident of the company doesn't know; you don't know; Mr. Toma doesn't know? It is not within your capacity to answer?

Mr. Bolton: We have said—

Mr. S. Smith: You are under oath now, you realize.

Mr. Bolton: We have said, Mr. Smith, that we defer to the suppliers, and if in a particular instance that you have in mind, you would like to tell us the situation, then we will do our best to be more definitive.

Mr. Chairman: Mr. Smith, do you have any more questions that you would like to ask? You have taken up three quarters of an hour already and we have quite a number of other speakers on the committee who would like to ask questions the witnesses too.

Mr. S. Smith: I am terribly sorry, Mr. Chairman. I guess I have gone a little longer than my share. Perhaps my fellow Liberals in the committee may ask fewer questions as a result of my having taken so much time. I would just ask perhaps one question. What is the—

Mr. J. A. Taylor: I hate to interject, but to clarify in my own mind what Mr. Smith is saying and what I have heard, generally speaking dairy products are bought more in a package; in other words, it is not just milk but other commodities. Am I correct in that?

Mr. S. Smith: He just said that he sometimes buys just milk. Didn't you hear him?

Mr. J. A. Taylor: Then after some bludgeoning from you, Mr. Smith—

Mr. S. Smith: I'm terribly sorry. I guess you know what that feels like, don't you?

Mr. J. A. Taylor: Except that I am immovably to your threats.

Mr. S. Smith: From where you sit now.

Mr. J. A. Taylor: From anywhere, in any form. After pursuing with some vigour the individual purchase of milk, am I correct, Mr. Chairman, maybe you can clarify it or the witnesses can clarify it, whether that is more of a singular instance than otherwise in terms of the general purchasing of dairy products?

Mr. Jackson: Are you referring to his question, sir, where he asked if we would buy milk and only milk from a supplier?

Mr. J. A. Taylor: That's right. I gather you are talking about—

Mr. Jackson: I don't know which one he is referring to, but I would have to assume that yes, it was a singular instance, because normally when we deal with a dairy supplier it is over a range of products, not just milk.

Mr. J. A. Taylor: I am just wondering how you could come up with an average if you are just talking milk.

Mr. Jackson: You can't.

Mr. J. A. Taylor: It really is more appropriate to be talking about averages in dairy products, or am I being fair or unfair?

Mr. Jackson: Averages are meaningless in any event. You would have to weight the volume of each product. We don't have that answer.

Mr. Chairman: Proceed, Mr. Smith.

Mr. S. Smith: I may want to return to the letter that was sent by the GPMC to Mr. Bolton, but I think in fairness to other members of the committee, I will do that only if there is time. What I will simply do is ask Mr. Bolton: Mr. Bolton, can you tell us, sir, what the after-tax earnings are of your company expressed as a percentage of equity?

Mr. Bolton: I haven't calculated March 1978, but I believe it was around 14.5 per cent; March 1977, 12.4 per cent; March 1976, 16.6 per cent; March 1975, 15.4 per cent; March 1974, 13.6 per cent; March 1973, 10.3 per cent.

Mr. S. Smith: I see. So the after-tax earnings expressed as a percentage of equity in March 1977 were 12.4 per cent, in March 1978, something higher than that, 14 per cent, did you say?

Mr. Bolton: Fourteen per cent.

Mr. S. Smith: Around 14 per cent. Thank you very much, Mr. Bolton. That is all the questions for now. I might want to come back and ask about the exchange of correspondence a little bit later if members will permit.

[9:30]

Mr. Hennessy: Mr. Chairman, I would just like to remark on Mr. Smith mentioning a certain percentage figure, and my argument at the beginning of the meeting is that the confidence of some people who just don't want to be known publicly—maybe if I mention that percentage figure you will single out the person, because if there is a percentage figure they know exactly who the person is; if there is, I am saying. I am saying that I don't think a person has received much protection. The words could have been used "a percentage figure," instead of a certain figure, I am just saying at this point.

There was a statement made in the Kitchener-Waterloo Record—and it is in the newspapers so I think they are not afraid of a libel suit, otherwise it would not have been mentioned. They mentioned \$3,000 to \$8,000 as normal for the supermarket chains to charge a fee. They mentioned \$3,000 to \$8,000 to list a new product.

Another statement that came in by some member of this committee, the figure was from one extreme to another, was from \$5,000 to \$25,000 to list a new product. I would like to know if the figure in the Kitchener-Waterloo Record—I guess you won't advertise in that paper?

Mr. Jackson: Yes, we do. It is one of the 89, sir, that we advertise in.

Mr. Hennessy: Have you anything to say about the statements made in regard to the fees that were being charged?

Mr. Jackson: They are talking about a listing allowance.

Mr. Bolton: In my statement, I did mention and I will quote: "We do not have a listing fee. We do get offers from many suppliers of an introductory allowance, which is common practice in the industry."

Mr. Hennessy: What is the introductory offer? A can of beans, or what?

Mr. Jackson: That is up to the supplier of the beans.

Mr. Hennessy: What does it entail? One case per can or something like that?

Mr. Jackson: It is usually an offer—it could be one free with 10, it could be \$1.50 a case, 75 cents a case—

Mr. Hennessy: I used to be a liquor salesman, so I know what I'm talking about.

Mr. Jackson: I beg your pardon?

Mr. Hennessy: I used to be a liquor salesman, so I know what you have to give away.

Mr. Jackson: You used to be a what?

Mr. Hennessy: A liquor salesman.

Mr. Jackson: A liquor salesman.

Mr. Hennessy: How about the choice shelf space at eye level as the best for selling product? Who allocates that? Does the manager allocate that in the store or does the company allocate it?

Mr. Jackson: It is done through head office.

Mr. Hennessy: It's done through head office and the manager has no say in where the goods are placed?

Mr. Jackson: Oh, he does in the various areas if there is a specific demand for a product. In Kitchener, for example, we sell a lot of pigs' feet and we may give 14 facing there whereas in a metropolitan city like Toronto, it may only be two facings, but that is unusual. We operate by plan-o-gram in the store and we do not, in fact, sell shelf space, prime shelf space or what have you.

Mr. Hennessy: What about the allegation here also that separate companies are set up by different food chains?

Mr. Jackson: What kind?

Mr. Hennessy: It's right here. I am surprised you people know nothing about it, it is in the paper.

Mr. Bolton: I have seen the article, I believe, sir. We have separate companies but they are not associated with our food business, they are subsidiary operating companies among which are, you may be familiar, the Bittner organization, the Bittner stores. We have gas bars and drug stores, but nothing to do with Dominion Stores food merchandising. It is all Dominion Stores Limited in that category.

Mr. Hennessy: So you would say that allegation is not true?

Mr. Bolton: It is not applicable to Dominion.

Mr. Hennessy: Thank you.

Mr. MacDonald: Mr. Bolton, in a study which has just been made in Ottawa in connection with the Bryce Royal Commission on Corporate Concentration—

Mr. Bolton: A fine study, sir. Pardon me for interjecting.

Mr. MacDonald: I can quite believe you agree with many of their results. I wonder if you agree with what I am about to read you.

Mr. Bolton: I thought I should get that in soon.

Mr. MacDonald: It states on page 14 of research paper number 12, or study number 12: "Volume rebates or earned allowances related to sales are an important source of revenue and profit in the retail and wholesale food distribution business in Canada. Few

facts are publicly available on this subject, which falls outside the scope of this report." Where it says "earned allowances related to sales" is that the same thing that you referred to as earned cost reductions?

Mr. Bolton: That is right, sir.

Mr. MacDonald: In other words, the higher your sales, the higher earned cost reduction you are able to exact from the market?

Mr. Bolton: Higher sales are an indication of the higher degree of our performance, which results in a higher degree of earned cost reductions.

Mr. MacDonald: So you say that the earned cost reductions are higher with Dominion than with any other supermarket because your sales are higher than any other supermarket?

Mr. Bolton: No, sir. I have no knowledge of what the other suppliers' arrangements are. I leave that up to our suppliers, to insure themselves.

Mr. MacDonald: This study came to the conclusion that the earned cost reductions were related to sales, so the higher your sales the higher your earned cost reductions, percentage wise.

Mr. Bolton: It could be. It could be, relevant to individual product items and individual suppliers.

Mr. MacDonald: Would that mean that you would be able to get as a general practice, because of your largest sales among supermarkets, higher earned cost reductions from suppliers than other supermarkets might get?

Mr. Bolton: Well truthfully, sir, I don't know. We make our co-operative arrangements with suppliers and perform to get the desired results. What the arrangements are with competitors—I have no knowledge as to their volume with these particular suppliers. One supplier with whom we deal may enjoy a larger volume with a competitor.

Mr. MacDonald: But you conceded a moment ago that earned-cost reductions were related to sales.

Mr. Bolton: Not all earned cost reductions are related to sales. Earned cost reductions are related to sales when there is a volume discount arrangement related to performance. But, as I have indicated, earned cost reductions may be in the form of performances, promotional and advertising. So there is a variety involved.

Mr. MacDonald: There is a variety but let's not confuse it; the basic point is that the larger the sales, the larger your capacity, as a general practice, to get an earned cost

reduction. And since you are the largest supermarket, you will be likely getting the largest earned cost reduction.

Mr. Jackson: In dollars you mean.

Mr. Bolton: It may be.

Mr. MacDonald: Well, in dollars or related to volume.

Mr. Jackson: In dollars it may be but then on percentage it may not be. Again, it is going to relate to the mix that we sell, what percentage of private label we sell versus national brand, versus what a competitor may be doing in his mix.

Mr. MacDonald: So you have no idea as to whether your earned cost reductions are higher than, say, Loblaw's?

Mr. Jackson: I have no idea.

Mr. MacDonald: Earlier you testified that your earned cost reductions were passed on in a lower cost to the customer. How do you reconcile that with the comment that I quoted from that royal commission which you commended—that "volume rebates and earned allowances related to sales are an important source of revenue and profit."

Mr. Bolton: I am not being facetious but in the first instance they didn't talk to me when they wanted to write that material up or I would have told them as I have tried to convey to the committee, the fundamentals under the earned cost reductions, which are the means whereby a supplier will co-operate with a retailer, whether it's Dominion or whoever it may be, to generate increased volume in his product line. And that consists of a grouping of price and all forms of media and in-store activity.

These are costly factors. If that revenue is not available, in the first instance, to make the price reduction for the consumer, then we, ourselves and other retailers, would not be able to present the low prices to the consumer. They are part of the package that is presented to the consumer in what we consider to be the low-price image presented, not only by Dominion, although we feel that we are the lowest, but in this country as a whole. Again I refer you to exhibit 1.

Mr. MacDonald: Let me relate this to the most recent revelation which has provoked this whole inquiry, namely this two per cent arrangement. You said that this two per cent arrangement—which you were seeking to get your suppliers to sign forms on because you discovered that one of your competitors already had that advantage—was not going to be a rebate that would be used in the revenues, as this quotation from the Bryce

report says, but rather was going to be used for promotional purposes.

Mr. Jackson: Yes, but it goes into our revenue; it goes into our gross margin.

Mr. MacDonald: And you are just assuring the committee that all of that two per cent, while it went into your revenues, in turn was used for promotion?

Mr. Bolton: On price.

Mr. Jackson: On our overall pricing.

Mr. MacDonald: Over and above what you normally would have put into promotion?

Mr. Jackson: If we didn't have it, yes.

Mr. MacDonald: Mr. Bolton, something puzzles me about your answers as to why you retreated from this two per cent recent instance of discounts. You will recall that back in 1972 it was drawn to the attention of the food council that Dominion Stores was exacting a two per cent discount. On exactly what basis, I don't know, because I don't think that was spelled out in an exchange of letters between the executive secretary of the Ontario Fruit and Vegetable Growers Association and the food council. But at that time you were spoken to by the food council and you desisted in that practice. If it was a legal practice, if there was nothing illegal about it, why did you desist back in 1972 and then come back into the practice in 1976, 1977, 1978?

Mr. Bolton: The situation in 1972 differed from that of 1978. In 1972 it was relatively common knowledge in our industry that some competitors were not paying their accounts as promptly as Dominion. We had been known for some generations in our industry as prompt payers, particularly in the field of produce. When we found out that this was the case, that in effect we were financing some competitors, we had discussions with some of our suppliers, in earnest, because we honestly felt that we were not being treated in the same manner. At that time it was determined by them that we would enjoy a cash discount for prompt payment.

Now, since this matter has come before the House in inquiry we have gone back through our records, and while some of them, I must admit, have been destroyed, we have not been able to find any incidents of our having collected any cash discount for prompt payment. That doesn't mean to say that we did. I qualify it because I don't have all the records available. But those were the circumstances behind the 1972 situation.

The minister at that time, Mr. Stewart, determined to get into it, and rightfully so. We encouraged it, internally, and we dis-

continued any concern about a two per cent cash discount for prompt payment on the understanding that competitors involved would be required similarly to ourselves to pay promptly. As Mr. Jackson and I have said before, this is a very competitive industry and there is no way a competitor of ours nor we of them, will permit an opportunity of being second-tracked.

Mr. MacDonald: Is it your testimony that you have not been getting discounts of two per cent or any other figure, for other than prompt payment, in the interval between 1972 and 1977?

Mr. Bolton: To the best of my knowledge.

Mr. Jackson: Are you talking about from growers?

Mr. MacDonald: From whomever you purchased the supplies.

Mr. Jackson: Which supplies, sir?

Mr. MacDonald: Whatever you were purchasing.

Mr. Jackson: The two per cent cash discount we are talking about in 1972 refers to fresh produce from Ontario growers.

Are you asking if I am saying we are not taking that two per cent now? We are not, to my knowledge.

[9:45]

Mr. MacDonald: You said you were tying this two per cent exclusively to a prompt payment?

Mr. Jackson: Absolutely.

Mr. MacDonald: My question to you was—are you testifying that there was no discount of any size, two or three or whatever, for any other reason in the interval between 1972 and 1977?

Mr. Jackson: For any other reason?

Mr. Bolton: Is this with growers?

Mr. MacDonald: With growers or with suppliers that you may be buying your produce from?

Mr. Bolton: We have had agreements since 1972—earned-cost reduction agreements. We have had them for almost decades. The particular incident that I interpreted you to be referring to was the question of discounts, deductions made in 1972 on growers' invoices. Our statement is, as I have indicated, that this was instituted as a form of prompt payment. Since the minister at the time, Mr. Stewart, intervened, there have not been any deductions for prompt payment from growers by Dominion Stores, to the best of my knowledge—and I presume Mr. Jackson's.

Mr. MacDonald: Let me move on to your listing. You state on page 4 of your original statement that you have never made any charge for listing. Would you not have a listing fee? Am I not correct that you have categories in your stores for which—whether they are voluntarily offered by a supplier or whether you exact it—the fee varies according to the category—the largest stores, the number of stores—and that you have four or five categories and the listing fees fall into those four or five categories?

Mr. Jackson: We have no listing fee, sir.

Mr. MacDonald: You have no listing fee.

Mr. Jackson: No, sir.

Mr. MacDonald: In your testimony, would you care to comment on information I have that in recent years—two years ago, as a matter of fact—you delisted Catelli noodles because they would not pay a listing fee of \$5,000 for continued listing?

Mr. Jackson: I couldn't recall that and I would say that is erroneous, sir, if that is your allegation.

Mr. MacDonald: Would you care to check in your records as to whether or not that would be the case?

Mr. Jackson: There wouldn't be any record of it. When I say any record, we could go through our minutes and determine that we discontinued Catelli noodles, if that is correct. But as Mr. Bolton mentioned in the opening remarks, we review upwards of 1,000 items per year, new items that come on the market. We purchase 200 to 300 items; we delist anywhere from 200 to 300 items every year; and we also mentioned in the opening remarks that our breadth of line has gone from 9,000 in 1973 to 10,000 in—

Mr. MacDonald: You have no recollection of delisting Catelli noodles two years ago because of the reason that they did not wish to pay a \$5,000 listing fee?

Mr. Jackson: If they were already listed, there would never be a listing fee, would there?

Mr. MacDonald: For continued carriage of that?

Mr. Jackson: No such thing.

Mr. MacDonald: Have you any recollection of Purina having to pay \$2,500 for continued listing of pet foods?

Mr. Jackson: No, sir.

Mr. MacDonald: Under oath you assert that?

Mr. Jackson: I certainly would go on the Bible and swear again for you, if you like.

Mr. MacDonald: With regard to your question of what products get on the shelves, am I correctly informed that you have an arrangement whereby your own name brands must have as much, or sometimes more space shelf than non-name-brand products?

Mr. Bolton: I think I might help answer that. The consumer invariably tells us what she wants and our company brands do have high support. Our plan-o-grams, as Mr. Jackson mentioned previously, are developed as a result of our turnover examination. If our turnover reports indicate a particular company brand line has the highest volume in that product line-up, then if for nothing else than labour-saving reasons, it gets the most display space.

Mr. MacDonald: But as a general principle, your name brands have as much space as any other non-name-brand products on your shelves?

Mr. Jackson: No, that is incorrect. We are carrying our own company brand tomato juice. We may carry six or seven brands of national brands. There is no way we would allocate that kind of space to our own brand of tomato juice. We do not carry excessive inventories in our stores. We try to operate on less than two weeks' supply in our stores, if we can. We don't always meet that objective. You just need that shelf space or you would be out of stock all the time. One number I can give you is that our company brands represent less than 20 per cent of our business.

Mr. S. Smith: May I raise a point of order at this point, Mr. Chairman? I wonder whether having Mr. Toma, who is vice-president of merchandising, on the stand may well produce answers to questions about Catelli noodles and how much it costs to get a new product listed, even if it is not called a listing fee, or whether there is such a procedure or any kind of arrangement of this kind? I would like Mr. Toma on the stand, Mr. Chairman.

Mr. Chairman: Mr. Bolton and Mr. Jackson are quite capable of answering the questions.

Mr. S. Smith: They keep saying they can't, they don't know.

Mr. J. A. Taylor: Don't be so arrogant.

Mr. S. Smith: Mr. Chairman, from time to time the witnesses have said they don't recall, they don't know, or not to their recollection. It seems to me that Mr. Toma is much more intimately involved with this, whereas these gentlemen have many other very broad duties apart from merchandising the groceries.

Mr. Bolton: Mr. Chairman, if I may revert to Mr. Smith, with due respect, Mr. MacDonald, the only point at which I recall that we have failed to answer is, number one, in our inability to get definitive information in the question, and the other example is where we feel it is a responsibility of the supplier.

Mrs. Campbell: Catelli and Purina?

Mr. S. Smith: Mr. Toma may know about Catelli.

Mr. Bolton: I am sure there isn't anyone here among our group who could recall back that far.

Mr. MacDonald: Mr. Chairman, I don't know what point there is in pursuing it, because Mr. Toma couldn't deny the testimony of Mr. Bolton that there are no listing fees, in spite of the fact that I have spoken to many people who have a relationship with Dominion who claim there are listing fees. That is our problem.

Mr. Bolton: Mr. MacDonald, I think the reference to a listing fee has been explored in my remarks in saying we do not have a listing fee, and we do not. We will accept introductory offers by suppliers.

Mr. MacDonald: Do you mean for the first introduction of a product in your stores, you will accept a discount or a fee?

Mr. Jackson: Not a fee.

Mr. Bolton: We will assist the supplier in developing acceptance to that product.

Mr. MacDonald: And you say that listing fee is not related at all to the categories into which you divide your stores, such as the largest stores or the number of stores in which it may be listed? In other words, that you don't have some sort of formula or some sort of standard that the voluntary offer to you of a payment has to fit in?

Mr. Bolton: If we decide jointly that the introductory offer will be made in the city of Toronto, it is on a certain basis under our earned-cost reduction program with that supplier. If we decide it will be all Ontario jointly, then there is a different one.

As I said before, each one of these is individually structured in co-operation with the supplier, depending upon what his needs are and what we feel we can jointly do to help the product work its way into the marketing field.

Mr. MacDonald: I just want to go to one other area of questioning, in view of the time and other members of the committee who want to go.

Am I correctly informed that you don't expect your retail outlets to do much more than break even and that the main revenues

and profits of Dominion come in at the top level, from warehousing, from volume buying and from shipping rates, so that the money is extracted from the retail level and comes in at the head office level, the wholesale level?

Mr. Bolton: As I've indicated in connection with our earned cost reduction program, and the same applies to any other fields of revenue in Dominion Stores Limited, these are reflected in the cost of merchandise and are reflected in our gross margin. If our stores do not generate black figures I'm held responsible. I measure the capability of each of our stores on the basis that they can be profitable.

Mr. MacDonald: Are your shipping rates, when you supply one of your local stores, not much above those which would be available from other trucking companies in the same area?

Mr. Bolton: Generally speaking, they're established on a basis that is comparable where we have our own trucking, which is relatively limited, I must say.

Mr. MacDonald: In eastern Ontario, for example, aren't your shipping rates to supply your stores significantly higher than would be available from local truckers?

Mr. Bolton: In eastern Ontario we supply our stores, from Toronto, by over-the-road transport, not our own, from Montreal and from Kingston, from Toronto. It's not our own transport. Can you define the question for me?

Mr. MacDonald: To what extent do you have your own transport to stores, for example, in the Ottawa valley?

Mr. Bolton: None.

Mr. Jackson: It's all done through negotiation with outside transport companies.

Mr. MacDonald: That's your testimony under oath?

Mr. Jackson: Yes, sir, to the best of my knowledge.

Mr. Bolton: Can you supply us with some information, as you did previously?

Mr. MacDonald: That's precisely what I do not want to supply you with, because they don't want to give it because they know what will happen to them.

Mr. Nixon: Does the name Loblaw's ever come under discussion at your corporate meetings? In your original testimony you indicated it was competition that started the most recent round of two per cent discounts. Is it fair to say, was that Loblaw's? Let's presume that that was Loblaw's.

Mr. Bolton: Excuse me. I have no hesitation—I do have some hesitation in pinpointing a competitor. It was Loblaw's, yes.

Mr. Nixon: Could you tell me an approximate date when it came to your attention or the attention of your administration that Loblaws had begun a new two per cent discount practice, that is, at the beginning of this year or late 1977?

Mr. Bolton: If I recall correctly, it was brought to our attention by a shipper representative about February of this year.

Mr. Nixon: Why is it that the letter from the Grocery Products Manufacturers of Canada, dated January 20, addressed to you, says in its third paragraph: "Pressures to increase such promotional allowances will be increasingly resisted by your major suppliers because of the view we hold that this is not the way to build healthy growth, either for manufacturers or retailers"? Had you increased your promotional allowances or had you indicated to your suppliers that you were contemplating that, even before it came to your attention that Loblaws had done so?

Mr. Bolton: Not to my knowledge. I would like, Mr. Nixon, on this whole subject of the correspondence from the Grocery Products Manufacturers of Canada, to refer to their letter of February 14, which, in my interpretation, is a retraction of their previous correspondence of January 20.

Mr. Nixon: It seemed to me, in response to Mr. Bolton, that the letter of February 14 does have a different tone. In the third paragraph it says: "I appreciate that my recent letter to you about co-operative allowance policies has caused a lot of misunderstanding about our intentions and I sincerely regret this, because there is a continuing need to talk about the matters raised." Then he goes on to attempt to arrange a meeting. I think he regrets the misunderstanding, as I understand it. Was part of the misunderstanding that, as of January 20, the date of the first letter, you were not contemplating any new deductions or any increase in the size of these arrangements? I think there is a variety of them.

[10:00]

Mr. Bolton: I can't recall—that's a year and a half ago—whether or not we did make any adjustments.

Mr. Jackson: We may have attempted to improve some arrangements, but we don't deal with associations, to start with, on negotiation. We deal with individual suppliers.

Mr. Nixon: Right, but apparently the association attempts to assist the suppliers in dealing with the three or four major retailers, which I suppose is why their organization exists. That letter of January 20, 1977, is

quite strong, I thought. The paragraph that I quoted is, it seems to me, a strong indication to the president of Dominion—more or less a warning—that the suppliers are not going to stand still and compliantly agree with a large or any substantial increase in those payments.

In your statement, Mr. Bolton, on page three, you say: "Dominion does not, nor has it ever deducted an unarranged percentage from any grower's invoice." Did you indicate further, I think in answer to one of Mr. Smith's questions, that you attempt to see that this deduction is not passed on to the primary producer, or did I just imagine that I heard you?

Mr. Bolton: That's right.

Mr. Nixon: You did say that. How do you do that? Do you just tell the middleman, as we farmers might call him, to take this as a reduction in your profit and not hurt those poor fellows out in the boondocks?

Mr. Bolton: In the particular instance under consideration now and going back to that February date I mentioned, we had confirmation from all the shipper agents that any consideration of earned cost reductions with them would not be passed on to the grower, to the primary producer. Of course, many of them are operating under marketing board legislation.

Mr. Nixon: But even in the case of eggs, we were told you sometimes get a reduction of surplus price from some producers. That goes back to another hearing. All right, I won't pursue that at this time; but I'm interested because I don't know whether I'm naive or perhaps too cynical. How could you persuade the middleman not to pass on the additional payment that you require as an earned cost thing?

Mr. Bolton: If it's under marketing board legislation, then there's no doubt that it will not inhibit that price.

Mr. Nixon: So then, for example, to get back to the case of the milk, the milk marketing board really is the primary producer, as far as you people are concerned. The marketing board sells to the dairy: the farmer doesn't sell to the dairy.

In the indication that you do not deduct an unarranged percentage, if your policy is for two per cent or whatever and the producer doesn't care to accede to that policy, I suppose they have the alternative of not doing business with you.

Mr. Jackson: You should rephrase that a little bit. You lost me there.

Mr. Nixon: When you say it's an unarranged percentage, it means that you've got

a signature saying, "Yes, you may make whatever the deduction is."

Mr. Jackson: What we're referring to there is a cash discount. That's the only type of arrangement where you deduct it from the payment or the statement. It comes off the statement. The other types of allowances come after the fact, after you've done some work for them.

Mr. S. Smith: They send a cheque.

Mr. Jackson: Right.

Mr. Nixon: You mean, you make the full payment and then a cheque is paid either to Dominion Stores or one of your subsidiaries?

Mr. Jackson: No, to Dominion Stores.

Mr. Nixon: Oh, it's the other store that has a subsidiary.

All right, we'll have an opportunity to pursue that a bit.

I want to refer to the other letter that you, Mr. Bolton, have said you felt was retracted by the Grocery Products Manufacturers of Canada. In their fifth paragraph: "Threats of delisting are an unhealthy expression of the competitive process."

Have there ever been threats by your company of delisting suppliers who were not co-operative in some of your programs?

Mr. Bolton: Not to my knowledge.

Mr. Nixon: Would you say that this was one of the areas where the letter of February 14, expressing sincere regrets, was having reference?

Mr. Bolton: My interpretation of the letter of February 14 is a retraction of the letter of January 20.

Mr. Nixon: In toto?

Mr. Bolton: As far as I'm concerned.

Mr. Nixon: On the top of page 2 of the first letter: "There are various other factors which, while important, cannot be set out quite as clearly in a letter but which we would like to discuss with you."

May I ask, Mr. Bolton, did you have an opportunity to meet with the executive, Mr. Steele, for example, the President of the Grocery Products Manufacturers of Canada at any time to discuss these matters?

Mr. Bolton: I refer to my letter of February 16, the second paragraph: "With regard to the concerns expressed by you in your letter of January 20, regarding our relations with some of your members, I suggest that Messrs. Toma, Jackson and myself are readily available for discussion purposes." We have not met with Mr. Steele.

Mr. Nixon: Your letter does not respond to any of the things that I have raised from the

first letter, from which you say the organization retracted, and you have not met with them.

Mr. Bolton: We don't meet with an association.

Mr. Nixon: How would they be under the impression, then, that there was a lot of misunderstanding caused and that they sincerely regret this? Who would tell them?

Mr. Jackson: Their members.

Mr. Nixon: Okay. I guess this takes me to the last point because, in the statement made by the president of the Ontario Federation of Agriculture who is here, and a statement made by the president of the vegetable producers' association, there was an appalling reference to the fear among producers of bringing forward any information, or in fact, expressing any criticism of their business dealings with the major retailers. Do you want to comment on that?

Mr. Jackson: I may comment on it. I think it's quite a normal feeling for a supplier to feel that way. I don't think you go around trying to sell your merchandise by throwing mud at somebody. I believe the fears are unfounded, but I don't think that you do business, or sell to somebody by telling them—whatever—

Mr. Nixon: Except that when they do complain, in some way, even about a two per cent reduction, and this is expressed publicly, then Loblaw's and Dominion back off immediately. The last time it happened in 1972 you backed off immediately. There was nothing illegal about it, nothing wrong with it, but you backed off.

Mr. Jackson: We backed off in 1972 because the minister stepped in and corrected the situation.

Mr. Nixon: What about this time?

Mr. Jackson: In this instance?

Mr. Nixon: No, I mean the instance that has resulted in this inquiry—when it was brought to the public attention that a two per cent deduction program was once again being established and we were presented with letters from you to the minister, I believe, saying that you were discontinuing that program.

Mr. Bolton: The program, as far as we are concerned, is not available from some suppliers, at the present time. We withdrew from it when we heard that a competitor had withdrawn on the premise then that it was not available across the board, and under those circumstances our arrangements with the suppliers would be illegal.

Mr. Yakabuski: I just have a few brief questions. Considerable discussion has been centred on advertising space, et cetera. You said in your brief to the committee tonight: "The issue raised regarding the selling of advertising space to the supplier to cover the cost of a whole-page ad is erroneous." I'm assuming that the charge to the grower, or whoever the produce was purchased from, could exceed the cost of that advertising itself. It could exceed the cost of a full-page ad.

Mr. Bolton: The question of entering into an earned cost reduction program not only involves advertising but it involves many other factors which, again, are jointly agreed upon. The co-operation agreement conceivably will exceed the cost of the advertising in as many papers as selected, but over and above that, probably the major contribution is the price reduction for that item and compounding that is the work in-store, the display area devoted to it and so on.

Mr. Yakabuski: The charge has been hurled about in the last couple of weeks that the actual charge for the advertising exceeded your costs for advertising.

Mr. Bolton: Where the performance was advertising only?

Mr. Yakabuski: We're going to get to that in a minute. All right, use that example first.

Mr. Bolton: I wouldn't know unless I knew the circumstances, with due respect.

Mr. Yakabuski: But in your brief you more or less explain that there are other benefits as far as the supplier-grower is concerned.

Mr. Bolton: We do not sell advertising. The interpretation of this comment is that we're not in the business of selling advertising. We sell promotional opportunities under our earned cost reductions.

Mr. Yakabuski: Tell me, if you had a full-page ad, and a portion of that page was used to promote a certain product, what then would be the case? You're only talking about full-page ads here. What if a portion of a page is used to promote a certain product?

Mr. Bolton: I hope I'm not reading wrongly in it, but I'll say it this way: Do you mean that the assessment against the supplier exceeds the space cost for that paper or for 89 papers?

Mr. Yakabuski: It exceeds your actual cost to put that portion of the ad in.

Mr. Bolton: I'm not sure. I'd have to have an example.

Mr. Yakabuski: In that kind of a case, would there be any other benefits to the

grower, supplier or whatever as in the full-page ad you mentioned?

Mr. Jackson: I think you're misinterpreting that full-page ad. We don't devote, or I don't think we devote a full-page ad to one item. Is that what you had in mind, sir?

Mr. Yakabuski: Yes.

Mr. Jackson: We may have, at some point in time, but not that I can recall recently where we've ever used a full-page to advertise one item.

Mr. Yakabuski: Okay. That covers that. You mention here: We do not have a listing fee. We do get offers from many suppliers for an introductory line which is common practice in the industry." Could you enlarge on common practice in the industry?

Mr. Jackson: I think I've covered this before, sir, but generally a supplier coming out with a new product on the market will have an introductory allowance, and it can range from 50 cents a case to \$2 a case depending upon the type of product and how much he intends to spend on his marketing program of that product. It's quite a normal allowance.

Mr. Yakabuski: This allowance is taken for granted, more or less?

Mr. Jackson: Oh, yes.

Mr. Yakabuski: One other thing, you mentioned points a number of times and you mentioned, I think, at one particular point that there could be a spread of 10 to 30 points. Would you define points for me? I don't think I've had a clear definition of it.

Mr. Bolton: It's a reduction in the retail price.

Mr. Yakabuski: Can points be translated into dollars or cents?

Mr. Bolton: It depends on the price of the item. If steak is reduced 60 cents, depending on what the retail price is you could say it's a 30-point reduction or a 10-point reduction. I've used it as a form of analogy.

Mr. Yakabuski: Can you translate that into dollars and cents? Is a point a fixed amount?

Mr. Bolton: It's a percentage.

Mr. Yakabuski: Let's say there are 20 points. What percentage would that be?

[10:15]

Mr. Jackson: Twenty per cent.

Mr. Bolton: Twenty per cent. I am sorry, that's our nomenclature.

Mr. Yakabuski: That's all I have, Mr. Chairman.

Mr. Renwick: Mr. Chairman, I just have three or four points. I wouldn't dream of covering all of the matters which have been

covered by my colleagues. I would like really to help our counsel more than anything else, Mr. Bolton, and I know in the same courteous but firm way in which you dealt with me when colleagues of mine and the United Farm Workers met with you about the grape boycott some years ago that I don't expect I will get very far with it, but—

Mr. Bolton: We try to be fair, sir.

Mr. Renwick: —I will be treated very courteously, as I always have been by you.

Mr. Bolton: That is very kind of you.

Mr. Renwick: Could you perhaps let us have a few things for counsel or perhaps co-operate with us in suggesting how we could get the information that we would need? Could you, for example, let us have maybe half a dozen examples of how your marketing programs which are reflected in these earned cost reductions operate, with figures for a particular product?

Mr. Bolton: I would like to, frankly, take that under advisement with counsel, my counsel, because of the infringement on our suppliers relations.

Mr. Renwick: Perhaps with suitable disguises it would be possible to show us some specific examples of the way in which, in half a dozen instances, these various marketing programs are related to your purchases and to your sales of that product?

Mr. Bolton: Let me have a look at it.

Mr. Renwick: Would you? Would it be possible, assuming that you have it, to have the opinion of Fraser and Beatty on why this latest two per cent discount was perhaps running an unnecessary hazard for you? Would it be possible for us to have that legal opinion, assuming you got one about it?

Mr. Bolton: With regard to the discontinuance?

Mr. Renwick: Discontinuance, yes.

Mr. Bolton: We will submit it to you. It's fundamental, really.

Mr. Renwick: Yes, so that the committee would understand exactly the reason for the discontinuance, why you felt the hazard to your business was just not worth running in the circumstances.

Mr. Bolton: That being an interpretation of the combines act.

Mr. Renwick: Yes.

Mr. Bolton: As applicable.

Mr. Renwick: Yes, as applicable to you. Would it also be possible for you to let our counsel have a list, say of some reasonable number—you use 100 in paragraph five

—of major suppliers? Could you let us have the names of the organizations and the persons with whom you deal, say 50 of your major suppliers and say 50 of your small suppliers with whom you have had discussions or negotiations over the last few months or a year?

Mr. Bolton: I think that's readily available, quite frankly, from any listing of grocery product manufacturers. We deal with them all.

Mr. Renwick: I am sure it is, but I think it would be helpful for us if we had it from you, if that's possible.

Mr. Bolton: Well again I would like to refer it to counsel, because before I felt I, frankly, could submit the names of individuals as suppliers, I would want to, as I say, discuss it with counsel.

Mr. Renwick: When you are discussing it with counsel, would you remember that in paragraph five you refer to your practice of meeting with your major suppliers, but I would also like our counsel to have some opportunity to deal with what might be called your minor suppliers, not unimportant suppliers but minor suppliers. Would it be possible for our counsel to also have a representative group of new products that you've introduced and a similar number of items that you've delisted in the last year, or whatever the suitable interval of time would be? I think on all of these questions, if, with counsel—our counsel and your counsel—we could select a specific time limit and then have representative groups for them, it would be helpful to us if we could then have an understanding of some of the new items that have come on, and the suppliers of the new items and some of the items that have gone off the market.

It may be that—and I know you would co-operate—it may well be that with some of those questions our counsel, in discussion with your counsel, might possibly be able to come up with some other useful requests that our counsel could make to you. It seems to me that that type of example and those particular examples of your suppliers, major and minor, and of your products that have been delisted and new products that have been added, and what the companies are and the person with whom you deal, would permit our counsel to have some exploratory conversations with them about how your business operates from their point of view as well as yours.

I imagine your business has been subject to an immense number of interpretations as to what it all means, but I take it, for prac-

tical purposes, that what you're saying is that it is a condition of your purchase of any supply, of any particular item, that the seller participate in these marketing programs. Granted you may very well discuss with him the nature of those marketing programs, but the range of them he must participate in, or that you have the final say and it is a condition of your purchase. Is that correct?

Mr. Bolton: First of all, I'd like to say it is not necessarily a condition of our purchase in all cases. It is not Dominion who has the final say. It is a co-operative arrangement. It is a joint earned cost reduction program in which, if our supplier does not reap benefits then it is not beneficial, not only for ourselves but the consumer.

Mr. Renwick: Could we put it—

Mr. Chairman: Excuse me, Mr. Renwick. I'd like to inform the members of the committee that we have a vote in the House and we have approximately three minutes left before the vote is taken.

Mr. Renwick: I feel I've been helpful to the work of the committee.

Mr. Chairman: You sure have, Mr. Renwick. Mr. Bolton and Mr. Jackson, I'd like to thank you very much on behalf of the committee for appearing here this evening. You have the schedule for tomorrow morning. We meet at 10 tomorrow morning on the Ontario Food Processors' Association and the Ontario Egg Producers' Marketing Board.

The committee adjourned at 10:25 p.m.

SPEAKERS IN THIS ISSUE

Campbell, M. (St. George L)
 Havrot, E.; Chairman (Timiskaming PC)
 Hennessy, M.; Acting Chairman (Fort William PC)
 Lane, J. (Algoma-Manitoulin PC)
 MacDonald, D. C. (York South NDP)
 Newman, Hon. W.; Minister of Agriculture and Food (Durham-York PC)
 Nixon, R. F. (Brant-Oxford-Norfolk L)
 Renwick, J. A. (Riverdale NDP)
 Smith, S.; Leader of the Opposition (Hamilton West L)
 Swart, M. (Welland-Thorold NDP)
 Taylor, J. A. (Prince Edward-Lennox PC)
 Yakabuski, P. J. (Renfrew South PC)

Witnesses:

Bolton, T. G., President, Dominion Stores Limited
 Jackson, A. C., Executive Vice-President, Dominion Stores Limited
 Roberts, F. K., Counsel, Loblaw's Limited

Assisting the Committee:

Poole, W. R., Counsel for the Committee



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Resources Development Committee

Ministry of Agriculture and Food Annual Report, 1976-77



Second Session, 31st Parliament

Wednesday, May 31, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, MAY 31, 1978

The committee met at 10:05 a.m.

MINISTRY OF AGRICULTURE AND FOOD ANNUAL REPORT, 1976-77

(continued)

Mr. Chairman: We now have a quorum. Members of the committee, our first witness this morning is Mr. J. J. Pawlowski of the Ontario Food Processors Association and Muriel Webster, executive secretary, and she has indicated that she doesn't have to be sworn because she will just be advising Mr. Pawlowski during the investigation of witnesses.

Mr. J. A. Taylor: Mr. Chairman, on a point of order, I'd like to speak to the question of allocation of time in terms of the witnesses, because last evening we had two witnesses and some of us who wished to ask questions were not given that opportunity. I'm never critical of Mr. Smith, the leader of the Opposition, but I would point out that he is here as a substitute. There's nothing wrong with being the second string or a substitute, and he's fully entitled to his participation, but I don't think he should dominate the committee and monopolize the time. Dominate is debatable, monopolizing he time I don't think is fair. That is the point that I wish to raise. To see if something could be done in order to share the time more evenly among the members of the committee.

The other matter that I wish to raise is in regard to the innuendoes that Mr. Smith made. He masqueraded as though he had evidence, and may very well have some evidence, that was damning to the chain stores. Let me point out that I'm no apologist for the chain stores, but I do believe in a fairness and openness, and evenhandedness and if Mr. Smith has some information when I would ask the chair to see that that information is put on the table in the fullness of light and air, and we could call him as a witness to examine those matters that apparently have prompted his remarks and accusations and activities in the House. Those are a couple of items that I would ask you to consider, Mr. Chairman.

Mr. Chairman: Mr. Taylor, the chair recognizes your concern. However, if we start debating this issue we won't get on with the witnesses until about 10:30.

Mr. J. A. Taylor: If you're going to disregard that, I think they are legitimate points that should be addressed.

Mr. Chairman: Very well, we will get an opinion from the committee as to the length of time each member of the committee should have an opportunity to speak. Do you want to set a maximum on every committee member?

Mr. J. A. Taylor: Yes.

Mr. Hennessy: I think we should.

Mr. Chairman: Is that agreeable? We have a limited amount of time. We are going two and a half hours and last night there was considerable time taken up by just one of the members. Did you want to make some comments?

Mr. S. Smith: I don't mind. I certainly would be happy to have the time shared more equitably, but I would suggest that it should be between parties. I think it might be very difficult to get a sustained line of questioning going if one had constantly to yield the floor to some other member, but certainly to divide the time equitably by party is something I'd be quite prepared to accept.

Mr. Chairman: Mr. Smith, I'd just like to remind you that I've been going in rotation with all three parties and giving everybody the opportunity to speak. I haven't had two members of one party speak one after the other. I've given everyone a chance to speak.

Mr. S. Smith: I understand.

Mr. Chairman: Some may take only five minutes, some take 30 seconds, and some take 45 minutes.

Mr. MacDonald: Mr. Chairman, I just want to pick up on the latter point of Mr. Smith: I think it is a totally fair proposition that the parties should have equal time. We do this in debates in the House. It's just a simple business. If we've got a witness for two hours and a half, or an hour and a quarter, as I suppose is theoretically the case this morning, that means that for each party

you've got 25 minutes. If Mr. Smith wants to take it all, fine. That means that is the end of the time for the Liberals.

Mr. S. Smith: That's right. I think that is fair.

Mr. J. A. Taylor: Would you consider, Mr. Chairman, that Mr. Smith would consider giving evidence himself, rather than listen to insinuation and innuendo?

Mr. MacDonald: Mr. Chairman, on the second point, you didn't want a debate on this—

Mr. Chairman: No way.

Mr. MacDonald: —but on the second point there are people who will not come before this committee. That is the reason why I introduced a motion yesterday, which you opposed but which was passed by the committee, that they can come in camera. Therefore, if there are some witnesses—

Mr. J. A. Taylor: But not come in camera before the committee. It's to come in camera before the legal counsel for the committee—

Mr. MacDonald: Exactly.

Mr. J. A. Taylor: —and that's quite different.

Mr. S. Smith: We debated this yesterday.

Mr. MacDonald: Mr. Chairman, I don't want to get into an argument with Jim Taylor, but the committee endorsed the proposition that people who want to come and present evidence in camera can do so to the counsel. That was a decision of the committee. If you don't like it—I don't like Tories but I have to live with them.

Mr. J. A. Taylor: All right. Jim Renwick opposed your resolution.

Mr. S. Smith: On a point of order, Mr. Chairman, we discussed this yesterday.

Mr. J. A. Taylor: Anyway, we are not here to discuss that or rehash that.

Mr. Chairman: Let's have a little order here please. Mr. Minister, did you want to make a comment?

Hon. W. Newman: I think the point has been brought and it should be decided by the committee now so that there are no future problems on it.

Mr. MacDonald: We decided yesterday, Mr. Chairman.

Hon. W. Newman: I'm not talking about that resolution at all. What I'm saying is that if any members of the committee themselves wish to come forward and give evidence, I think they should be given that opportunity to give evidence without naming names, maybe giving us facts without naming any

names or implicating anybody. I think Mr. Taylor brought up a very good point there. Certainly if you want me to I would be glad to take the witness stand myself. Of course I am here under cross-examination all the time anyway, but I would be glad if you wanted me to. I think maybe Mr. Smith might want to volunteer to come forward. As I said, I am prepared to come forward at any time.

Mr. MacDonald: On a point of order, Mr. Chairman, the minister is re-arguing a vote that was taken yesterday, that anybody who wants to come and give information as a witness, confidentially, shall do it with our counsel.

Mr. J. A. Taylor: No, he is. We are talking about requesting Mr. Smith to give evidence because—

Mr. Hennessy: That's a different point altogether.

Mr. J. A. Taylor: —he apparently has something under the table that some of us feel should be put on the table—I certainly feel that—rather than insinuation and innuendo.

Mr. Chairman: I would just like to give you a brief resumé, a recap of the time that was spent: Liberals, 56 minutes; NDP, 38 and PC, 21, last night. I think what we should do here is—

Mr. S. Smith: Do you have that from the night before as well? Have you been keeping a running track?

Mr. Chairman: Oh yes.

Mr. S. Smith: Well let's have them all.

Mr. Chairman: I haven't got it figured out right now.

Mr. S. Smith: Pity, really.

Mr. Chairman: I can't give it to you right off in a second here.

Mr. S. Smith: You gave that one right off in a second.

Mr. Chairman: That was last night, so I have—

Hon. W. Newman: It's very obvious.

Mr. S. Smith: Sure was.

Mr. Chairman: I am not going to argue the point with you. All I am doing is giving you the figures.

Mr. S. Smith: Nobody asked. Nobody asked for the figures.

Mr. Chairman: Should we set a maximum of 10 minutes? Is that satisfactory for each member to speak?

Mr. S. Smith: No. We said it should be by party. We just went through this.

Mr. MacDonald: Divide it so each party will have one-third of the time. If one member wants to take it all, he takes it all and the rest of his members are silent.

Mr. S. Smith: Precisely.

Mr. Chairman: All right.

Mr. Turner: That's the same old game that goes on in the House.

Mr. S. Smith: Exactly.

Mr. MacDonald: Okay.

Mr. Turner: So what the hell is the point of having a committee?

Mr. MacDonald: You speak to whoever leads off for the Conservative Party and tell them that you want to have a share of his time.

Mr. Chairman: I think we've said enough. We've badgered this thing enough. Mr. Jerry Pawlowski.

Mr. S. Smith: Just a moment, on a point of order, I wish to continue speaking to this point of order and to raise another.

On this point of order, I want to make it very clear that the evidence that Mr. Taylor refers to is the evidence that I mentioned of 21 per cent kickback cheques in the dairy industry which I myself have seen. I have said to the committee that I have seen them. I believe that is all the evidence I can give.

I have asked the person who paid those cheques to come and give testimony. He has refused to appear before the committee out it is my understanding that he has agreed to appear before counsel in accordance with the excellent resolution of Mr. MacDonald of last night. As far as I am concerned my responsibility as a member is being discharged rather well in this regard as far as that goes.

Now, on the other point of order which I wish to raise, the matter of the time for his meeting of this committee generally, it seems to me that there is not a resolution of the House to limit us to six sessions. It was merely an agreement between the House leaders and it seems that there are a number of very important witnesses who should appear. I think, for instance, of the Consumers' Association of Canada. I think also of Mr. Steele, the author of the letter, which was quite an important letter, introduced into evidence last night; also, Mr. Morley and Mr. Clarke of the Grocery Products Manufacturers of Canada, and also the Loeb chain store has not had a chance to reply to the suggestions and evidence that—

10:15]

Mr. Chairman: The Loeb people are on his list, Mr. Smith.

Mr. S. Smith: They are not on my list.

Mr. Chairman: They are on Tuesday, June 6.

Mr. S. Smith: Also Mr. Hill, who operates an independent but reasonably large size grocery store in Oakville, who I believe would have interesting information to give. What I would suggest as part of my point of order, Mr. Chairman, is that we recommend—as a committee we can order our own business in this regard; we are not obliged by a resolution of the House—that the committee decide to sit for one or two additional meetings so as to accommodate those particular people, along with perhaps other witnesses that other members may wish to suggest.

Mr. Chairman: Mr. Smith, that matter was discussed at our steering committee meeting yesterday afternoon, the possible extension of another two and a half hour session. We will discuss that later, but I think we should get on with the meeting.

Mr. Eaton: Mr. Chairman, on the ordering of the member speaking on a subject, if we are going to have one person take 45 minutes of the time he can go through about a dozen different subjects. There might be a pertinent subject that comes up that you want to direct a question on at that time. I don't think it is right to go through 45 minutes of one person, then another party, and then the government members get a chance to come back afterwards. It doesn't follow through on the form of questioning, the subject you are on or anything else.

Mr. MacDonald: The minister has the leadoff.

Mr. Eaton: I think we should limit it to 15 minutes per person, and then if they have something they can come back on the same one again.

Mr. Chairman: What is the wish of the committee?

Mr. Riddell: Equal time between parties.

Mr. Eaton: With a limit per member.

Mr. Chairman: We'll keep track of the time again, as I did last night. Very well, we will call on Mr. Jerry Pawlowski.

John J. Pawlowski, sworn.

Mr. Chairman: Do you have an opening statement, Mr. Pawlowski?

Mr. Pawlowski: Yes, I have, Mr. Chairman, Gentlemen, the Ontario Food Processors Association Incorporated is an industry body dedicated to the concerns of its members and our vital role in providing the Canadian consumer with the highest quality products and the lowest possible prices. The purpose

and objectives of our association are as defined on the mast head page of our annual Ontario Food Processing Industry Directory provided with this submission.

On pages four through eighteen our member companies are alphabetically listed and their company brands identified. Our association is primarily recognized as the processor body to act in liaison with the various marketing boards and to form the processor portion of the respective negotiating agencies.

Our members' canned, frozen or otherwise processed products are produced from Ontario-grown fruits and vegetables and are distributed from coast to coast for retail sale, mainly through the major chains and corporate groups. The required raw product is purchased from contracted growers at marketing board prices, established through the process of annual negotiation or established by price determinations under the authority of the Farm Products Marketing Act and the various plans of the local boards governing same.

In the area of our members' production these are, the Ontario Apple Commission, the Ontario Asparagus Growers' Marketing Board, the Ontario Potato Growers' Marketing Board, the Ontario Tender Fruit Growers' Marketing Board, and the Ontario Vegetable Growers' Marketing Board.

Raw product prices to processors are established on a per pound or per ton basis and are the minimum prices to apply for the full calendar year of each growing-processing season. It is from this base that our members must take the raw product through the normal production process, warehouse it and ship it to their retail customers at the times and in the quantities specified by them. In order for our processor members to survive in a highly competitive market place their f.o.b. plant prices must be kept to the lowest possible figure which will allow for coverage of production, warehousing, selling or distribution costs and still provide a reasonable margin of profit in order to properly maintain the processing operations in an efficient manner.

In order to do this in the face of the keen competition—both from processors in other provinces where raw product prices are unregulated, and from imports from low-production-cost countries—there is very little room for inclusion of other than normal selling costs. For example direct sales staffs, broker or distributor representation, whichever may be the practice of the processor concerned. The method of such marketing is selected by each company to provide the best product

distribution in the most efficient and economical manner.

The matter of current concern to this committee, gentlemen, is the one in which our association is unable to offer more than support of any action which will serve to rectify unethical or improper practices wherever they may be proven to occur or prevail within the food processing industry. Unlike marketing boards, our association membership is on a voluntary enrolment basis and we have no regulatory or policing powers whatsoever. We are all bound by the terms of the marketing agreements, awards or price determination and the various clauses or conditions of the regulatory plans, and our members strive to live within the bounds of same in an ethical and responsible way.

Should any member fail to do so, the marketing board concerned has the vested authority to take disciplinary action against such processors and in the case of unresolved disputes, has recourse to the civil courts. Our processor members have no such protective powers through our association and if problems arise with the marketing of the finished product with their retail customers, these must be resolved on a completely independent individual company basis. For obvious reasons, production and sales techniques are highly confidential and closely guarded areas of each member company's operation.

Our association has no way of knowing how its members' marketing policies are determined nor is it within the jurisdiction of our association to make such inquiry.

However, we are aware of the existence of buying discounts and promotional allowances in the food trade but these are arranged and administered by the individual companies. As an association, we have no specific knowledge of details of same.

Therefore, while we come before you in a spirit of co-operation, for the reasons identified in the foregoing, I am unable on behalf of the Ontario Food Processors Association to speak to the issue under investigation in other than broad terms. This, I am prepared to do to the best of my ability.

Mr. Chairman: Thank you very much, Mr. Pawlowski.

Mr. Pawlowski: And, gentlemen, may I make a comment? I am the co-owner of Stoney Point Canning Company in Stoney Point, 30 miles east of Windsor, and if there's any questions I can answer on behalf of my company, I will be glad to do so.

Mr. Chairman: The first question is from the minister, please.

Hon. W. Newman: Mr. Pawlowski, just two or three quick questions here. To your knowledge, in your association, are discounts given to all retail accounts?

Mr. Pawlowski: What type of discounts, Mr. Minister?

Hon. W. Newman: Volume discounts.

Mr. Pawlowski: Like I say, on behalf of the association—

Hon. W. Newman: I realize what you said. I am just asking in more general terms. To your general knowledge, not going into any specific terms, are discounts a pretty common practice with all members of your association?

Mr. Pawlowski: On the broad basis, yes.

Hon. W. Newman: Have any of your members to your knowledge or, in your own case as you have said, ever been forced to offer discounts to a major retail—

Mr. Pawlowski: Like I say, Mr. Minister, I am going to speak for my own company only. No, we have never been forced to give a discount.

Hon. W. Newman: Have you ever been forced to pay a listing fee?

Mr. Pawlowski: No, we haven't.

Hon. W. Newman: Do you have any problems, through your association, in selling to the major chains?

Mr. Pawlowski: Our association does not sell to the chains. The individual companies do. My company has no problem selling to the chains, no.

Hon. W. Newman: And you are saying I think in your statement—I think this is fairly important—on your first page on the bottom, "raw product prices to processors are established on a per pound or per ton basis, and are the minimum price to apply for the full calendar year of each growing-processing season," and you mention the above named products. Have you at any time ever found that the price worked out in negotiations has been thwarted or been undercut in any way, shape or form?

Mr. Pawlowski: Has been undercut?

Hon. W. Newman: Well, let me say this. Let me give you an example. Supposing sweet corn was negotiated at \$55 a ton, have you any knowledge at any time that a producer has received less than \$55 a ton when it has been negotiated at that price?

Mr. Pawlowski: As far as the growing of corn, of course, I am not concerned. I am primarily a tomato producer in southwestern Ontario. Are you referring to the eastern Ontario co-op situation, Mr. Minister?

Hon. W. Newman: Let's talk about tomatoes, your own company. You negotiate a price with your growers through your association. It is a negotiated price for your tomatoes. Has the producer ever received less than the negotiated price?

Mr. Pawlowski: Has the producer ever received less? Yes, I imagine, in cases, maybe he has received less.

Hon. W. Newman: How would that come about? If it is a negotiated price, X number of dollars a ton for tomatoes to you as a processor. That is a negotiated price?

Mr. Pawlowski: That's correct.

Hon. W. Newman: How would the producer get less than the negotiated price?

Mr. Pawlowski: It could happen that at the end of a season there may be a surplus. For example, a large corporation may decide that it has taken its tonnage requirements; it is late in the fall, there is a possible frost. It is going to come in and ruin the crop and, therefore, a producer who has delivered his tonnage to his contracted company decides to sell to another company and, therefore, he may sell at a lower price.

Hon. W. Newman: What you are saying is that the contracted tonnage has been fulfilled at the negotiated price.

Mr. Pawlowski: That's right.

Hon. W. Newman: Anything that is left over in surplus might be sold to another company.

Mr. Pawlowski: This could happen, Mr. Minister.

Hon. W. Newman: It could happen. How does the board react to a situation like that? Is that with the concurrence of the board?

Mr. Pawlowski: No, it isn't; of course, it isn't.

Mr. Chairman: If the minister has no further questions, Mr. Eaton might take over.

Mr. Eaton: You were mentioning the fact that the board didn't concur with that particular agreement. Do they try to negotiate any prices for tomatoes beyond the contracted price?

Mr. Pawlowski: No, they don't. The prices are set for a certain tonnage on a yearly basis.

Mr. Eaton: You say they don't concur but, in effect, they don't take any interest in the particular situation at all; they just let it go on beyond that contracted tonnage, as it pleases the canners and the growers.

Mr. Pawlowski: You are saying that there is no action taken to prevent this or to stop this—is that what you are saying?

Mr. Eaton: Yes.

Mr. Pawlowski: The minister asked me if it ever did happen. I said that, yes, it probably did happen. But in recent years, I haven't any knowledge of it happening, but I know in my experience, yes, it has happened. But, no, as far as I know, there has been nothing done, as far as the board has been concerned, to correct this. I don't think it is something that happens every day. This is what I am really saying.

Mr. Eaton: So all terms of contracts have been met at that point and it is a case of somebody having a surplus over and above their contracts and trying to move that surplus.

Mr. Pawlowski: Normally, this is what happens.

Mr. Eaton: You mentioned when you were talking about selling to the chain stores that you didn't have any problems. Are you aware of any problems that any other processors may have had in trying to approach chain stores to sell their product?

Mr. Pawlowski: No, I am not, sir. I am not prepared to answer on behalf of any other processors.

Mr. Eaton: Are you aware of any rumours then amongst your processor friends, that they may have had difficulties or they may have been demanded to pay discounts before their product would be taken, or pay listing fees?

Mr. Pawlowski: No, sir, I think at the bottom of page two, I was quite clear in saying that this is strictly confidential and it is never discussed.

Mr. Eaton: It is never discussed. You never even get to feel the rumours of what might be happening. This is what has been coming to us from other groups, that there are rumours of this, and rumours of that. You are not even hearing any rumours?

Mr. Pawlowski: I don't participate in any rumours, my friend.

Mr. Eaton: Good, good.

One other question I wanted to ask you. You did mention that some discounts were given for volume and so on. I think you indicated that it was a general practice. Do you think it is a generally accepted business practice and that it is not considered in bad taste amongst the industry—that you are trying to move extra products and so are making volume discounts?

Mr. Pawlowski: This is true. This happened. It is a general practice, yes, because it occurs in my company.

Mr. Eaton: Would it also be a general practice to share in advertising with some of these companies?

Mr. Pawlowski: Like I said, I am speaking for my own company and I do not share in any advertising.

[10:30]

Mr. Eaton: Are you given any opportunity by companies to share in any advertising or promotion program? We had an example before us last night, where you could list the product and if you paid so much, you got it into an ad; it got a special in the store. Do they send that around to you and say here's a promotion that we have on; if you want to share in it, you could pay so much?

Mr. Pawlowski: No sir.

Mr. Eaton: They don't approach you on that basis?

Mr. Pawlowski: No sir.

Mr. Eaton: Okay, that's all.

Mr. Chairman: Thank you, Mr. Eaton. Mr. MacDonald.

Mr. MacDonald: Can I pick up from one or two of the points that have been raised with you?

When you say from your own knowledge that you are aware of cases where a grower did sell at less than the regulated price—from your understanding of the situation, isn't that in violation of the regulations and, therefore, the law of the marketing board?

Mr. Pawlowski: Yes, it is.

Mr. MacDonald: You deem it to be a responsibility of either the processor who is buying it or the grower who is selling it to initiate the action for any violation of the law.

Mr. Pawlowski: I think it is up to the local marketing board to initiate any recourse.

Mr. MacDonald: Presumably, the marketing board has to be informed before they can initiate anything.

Mr. Pawlowski: I imagine that there has to be a complaint.

Mr. MacDonald: Well, this is not in your purview so let me not pursue that any further.

I was a little intrigued by your contention that you don't inquire into what may be unethical practices among members of your association. You refer to the facts that you know that there are discounts and promotional allowances but they are arranged and ad-

ministered by the individual companies. Do you feel that they are illegal or at least unethical in any instance?

Mr. Pawlowski: No I don't feel that they are illegal or unethical.

Mr. MacDonald: Let me come to the key point of your testimony, in my view. On page two you relate the difficulties of the Ontario processor because he has to deal with a regulated price, whereas in many other provinces, they don't have it and there is imported materials too. You say that there is very little room for the inclusion of other than normal selling costs. In other words, anything else that the processor may have to give is reducing a very thin margin that he is operating on to begin with?

Mr. Pawlowski: Correct.

Mr. MacDonald: Is that not a matter of concern to your association in general terms, so that you would take some action to protect your members?

Mr. Pawlowski: No, because marketing is, as I explained, done by the individual companies. As far as my own company is concerned, I am satisfied the way my marketing process has taken place.

I am concerned about their own marketing as a general broad view, like I stated. But it is up to the individual member companies to tend to their own marketing. In other words, to tend to their own sales force and to their own method of marketing. It has nothing to do with the association, as I explained; and I will answer any of the questions concerning my own company.

Mr. MacDonald: As far as any concerns of your own company go, we have reached a dead end, because you said that you never had to accept any discount and, therefore, you have no testimony to offer directly. Am I correct?

Mr. Pawlowski: That is correct.

Mr. MacDonald: Let me come back then to the general association. If the members of your association are operating on such a narrow margin, has the problem of this extra squeeze, which is going to destroy even the narrow margin that they've got, never been raised at the association level in general principles, to initiate some action?

Mr. Pawlowski: No sir, it hasn't.

Mr. MacDonald: Is that not rather strange?

Mr. Pawlowski: No, it is not rather strange because it is not the purpose of the association to deal with marketing matters.

Mr. MacDonald: In general principles as to unethical practices that are driving all of your members closer to the wall?

Mr. Pawlowski: It is never discussed. Marketing is never discussed at any association level.

Mr. MacDonald: You are aware, I am sure, Mr. Witness—

Mr. Pawlowski: Pawlowski is the name.

Mr. MacDonald: Pawlowski, sorry. I didn't want to mispronounce it so I gave you the general designation.

Mr. Pawlowski: That's quite all right.

Mr. MacDonald: Canada's compensation laws require that if a supplier gives a certain discount, whether it be for promotional or any other purposes, to one retail outlet, he has to give it to all other outlets. As far as you know in general terms—it can't be applied to your own company; you've never had to submit to this procedure—do your members automatically then give the same discount to every other purchaser?

Mr. Pawlowski: Mr. MacDonald, I don't know what the other members do. I think I made this clear. What the other members do in their marketing procedure, I don't know. I have no idea what they do. In my own company, if we have to give an allowance or a discount, as you call it, it's done across the board, if this is what you're driving at. But what the other member companies do, I don't know.

Mr. MacDonald: Are you aware of any member of your association who's disturbed about the discounts he's had to submit to and might be willing to come before the committee or at least go to our counsel and present the details of this?

Mr. Pawlowski: No, I'm not.

Mr. MacDonald: As far as you're concerned as an association and in your own company, you wash your hands of the whole possibility of unethical practices and undue encroachment on your already narrow margin?

Mr. Pawlowski: As far as the association is concerned, yes, we do wash our hands as for speaking for individual companies. As far as my own company is concerned, I'm satisfied with the way our marketing scheme is working. I find nothing unethical in what we're doing. This is as far as I'll go in making any statements.

Hon. W. Newman: Could I ask a quick supplementary, Mr. MacDonald, in this connection?

Mr. MacDonald: Yes.

Hon. W. Newman: Mr. Pawlowski, isn't it against the Combines Act to discuss prices and pricing policies in any trade association?

Mr. Pawlowski: Correct.

Mr. MacDonald: One final question, in your purposes and objectives, as stated on page one, I think, of the booklet it states that one of the purposes and objectives—there are a number of them—is “to represent members in matters relating to the promotion and marketing of their products at consumer levels.” What have you done in fulfilment of that objective?

Mr. Pawlowski: At the consumer level, for example, there is the Tender Fruit Institute. We have the Ontario Tomato Products Council in which we participated with the Ontario government in promoting canned whole tomatoes in Ontario, and this type of thing.

Mr. MacDonald: But none at the retail level?

Mr. Pawlowski: No, sir.

Mr. MacDonald: I think I'm going to leave it there because, quite frankly, this witness has nothing to offer.

Mr. S. Smith: I would like to ask a few questions. The witness continues to say that he's here to represent the Stoney Point Canning Company, even though on the schedule it's the Ontario Food Processors Association. Do you agree that on the front page of the Ontario Food Processors Association manual here that one of the purposes and objectives of your association is to “represent members in matters relating to the promotion and marketing of their products at consumer levels”? Is that one of your purposes and objectives?

Mr. Pawlowski: We just answered that question, sir.

Mr. S. Smith: Would you be so kind as to trouble yourself to answer it once more? Is it one of your purposes and objectives?

Mr. Pawlowski: Yes, we do, as I say, through the Tender Fruit Institute, in which Mrs. Webster is very active, and I am a member of the Ontario Tomato Products Council.

Mr. S. Smith: It says the “marketing of their products.” Presumably marketing has a number of aspects to it.

You mention in your statement that “We are aware”—and I presume you mean the association—“of the existence of buying discounts and promotional allowances in the food trade.” How are you aware of that? How did you become aware of that?

Mr. Pawlowski: I became aware of it through my own company.

Mr. S. Smith: Apart from your own company's experience, you have never heard anything about these practices in your capacity as president of the association? When you say you're aware of the existence of it, you're restricting that simply to your own company. Is that correct?

Mr. Pawlowski: That's right.

Mr. S. Smith: You have never heard—

Mr. Pawlowski: I know if it's offered to my company, it must be offered to other companies then, sure.

Mr. S. Smith: You assume it must be.

Mr. Pawlowski: As I say, yes, as far as my own company's concerned, this is why I am aware of the discount.

Mr. S. Smith: But no company, no member of your association has ever at a meeting or in a chat with you ever mentioned to you the existence of these policies of buying discounts and promotional allowances? You're under oath now, sir.

Mr. Pawlowski: I know I am. No. I must say that I mean what I say when marketing is not discussed amongst the processors.

Mr. S. Smith: And you mean what you say when you say that you have never heard from any other supplier of the existence of buying discounts and promotional allowances in the food trade and that this reference in your letter comes solely and entirely from your own experience in the Stoney Point Canning Company? You mean that?

Mr. Pawlowski: Yes, from the experience of knowing what the allowances were and how much and details as to case allowance or things like this within my own company. Of course, it's general knowledge that it goes on but I've never discussed it with an association member.

Mr. S. Smith: You say it's general knowledge. Your comments, therefore, refer not only to the Stoney Point Canning Company but you say you have heard of it in other instances and not just from your own company?

Mr. Pawlowski: I've heard of it being a practice, naturally, because if I go to deal with the buyer I know that it's not just offered to my company, which is a very small company, incidentally.

Mr. S. Smith: How do you know that?

Mr. Pawlowski: Simply because I was here last evening, Mr. Smith. It's general knowledge.

Mr. S. Smith: Since you would rather talk about your own company and since you are not in a position, apparently, to tell us whether any of your members have ever suffered any problems as a consequence of these practices, let's talk about your own company. Can you tell what your own practice is in this regard? How do you arrange to offer discounts or allowances to your customers? What is your means of doing so?

Mr. Pawlowski: Our company, as I say, is the Stoney Point Canning Company. There are seven independent canners who have a sales agency called the Vegetable Canners Co-operative of Ontario Limited, through which we do our marketing over one desk. Up until the beginning of last month we had a salesman on the road calling on the accounts. As of the beginning of the month we have engaged two brokers, one who handles the Quebec area, and the other handles the Ontario district. They do the legwork and the direct door-to-door contact in our sales scheme.

As for establishing prices, it's done by the individual companies. Any discounts that are arranged are arranged by the seven companies which form the board of directors. From this, we establish a base price. If there's any discount allowance, this is established and is given to our brokers who in turn contact the buyers. This is more or less our sales scheme.

Mr. S. Smith: You mentioned earlier that one of the reasons you know about this is that the customer has offered a discount situation. I think that was your word. Perhaps you didn't mean to use that word. But I got the feeling from what you said that the customer suggested a discount. You're now shaking your head no.

Mr. Pawlowski: No, I'm sorry. We make an offer at the beginning of the pack. As I say, we're small independent packers. We have a payroll to meet and we have growers to pay. Therefore, we may offer a 50 cents per case early delivery allowance. This is not because the customer asked us to do this. This is because we want to do this to generate funds to meet our obligations early in the season.

Mr. S. Smith: What other allowances and promotional allowances and buying discounts do you offer? If you don't want to give us the exact type, could you give us the nature of them? What other types of allowances do you offer?

Mr. Pawlowski: Very similarly, through the season, towards the end of the season and at this time of the year, we have inventory to move and we will offer a 25 cent

allowance to promote a certain block of products. As stated by Mr. Jackson last night, Dominion Stores, probably has 1,000 such items that are discounted on a regular basis.

Mr. S. Smith: So you offer discounts of a general sort to move your product. What form does it take? Do your salesmen go to Dominion? Let's speak of Dominion. Do you sell to Dominion, just as an example?

Mr. Pawlowski: Yes, we do.

Mr. S. Smith: Does your salesman go to Dominion and say, "Look, we'd kind of like to move this product. We'd like to offer you a discount"? Is that the way it happens?

Mr. Pawlowski: This is the way it happens, yes, probably. We determine what the discount is going to be, first of all, and then pass it on to the salesman. He goes to the buyer and presents the package, you might say.

Mr. S. Smith: How does he offer it to every other buyer?

[10:45]

Mr. Pawlowski: The same way. It's across the board, sir.

Mr. S. Smith: The same salesman goes and makes the same offer?

Mr. Pawlowski: In the province of Ontario, yes. But in the province of Quebec we have a different salesman.

Mr. S. Smith: But the same offer is made to everyone?

Mr. Pawlowski: That's right.

Mr. S. Smith: Is this offer related to volume or is it simply per case?

Mr. Pawlowski: It's a per-case allowance.

Mr. S. Smith: Do you have with Dominion what they call the earned cost reduction that Mr. Jackson and Mr. Bolton described to us?

Mr. Pawlowski: No sir.

Mr. S. Smith: Have they ever suggested to you that you might be able to promote your product a little better under those circumstances?

Mr. Pawlowski: No sir. We deal strictly with private label—the Dominion label itself, for example.

Mr. S. Smith: I see. You are putting out the private label. That is a different situation.

Mr. Pawlowski: So there is no national brand involved.

Mr. S. Smith: Of course, I appreciate that. And you are not in a position to tell us whether any of your fellow members of your association who do national brands have had

experience of this kind? You haven't discussed that with them?

Mr. Pawlowski: No.

Mr. S. Smith: I see. Do you do private label for more than one firm—is that the idea?

Mr. Pawlowski: Yes we do.

Mr. S. Smith: And whatever allowance you offer to one, you offer to others?

Mr. Pawlowski: That's right.

Mr. S. Smith: I see. Do you, by any chance, also do the unbranded—the generic label?

Mr. Pawlowski: The generic labelling? Yes, we have.

Mr. S. Smith: I may want to come back a little later. Thank you very much.

Mr. J. A. Taylor: Mr. Pawlowski, I represent Prince Edward county as a part of my riding and we have about 12 processers in Prince Edward county. I have canvassed some of them in regard to their experience and probably 90 per cent can for the chain stores and their private label or house label. I have been told that if it wasn't for the purchasing by the chain stores and the house label they would be out of business.

I haven't heard of any complaints coming from the processers in my riding. I was just wondering if you have any broader experience. I am only talking in terms of a dozen processers in Prince Edward county. I am wondering if you have any experience of the numbers that would have principally the chain stores as their customers. What would you say to the observation that if it wasn't for that market they would not be in business?

Mr. Pawlowski: First of all, Mr. MacDonald, the chain stores are—

Mr. J. A. Taylor: Taylor. You corrected Mr. MacDonald on your name; my name is Taylor.

Mr. Pawlowski: I'm sorry, sir.

Mr. MacDonald: I appreciate the distinction too.

Mr. Pawlowski: Yes, Mr. Member, I have been advised. There is one solution to this and it saves a lot of problems.

Of course our market is definitely the chain store market because it is our outlet to the consumers. As far as private label is concerned, yes, we do a large part of our business with private label as far as my company is concerned. I believe in the riding which you represent, there are several small independent canners like myself. And yes, we do rely on

the chain stores for a good portion of our business.

Mr. J. A. Taylor: That is all the questions I have.

Mr. Swart: I understood you to say that you knew of instances where towards the end of a season there would be tomatoes or other products purchased below the negotiated price. Is that correct?

Mr. Pawlowski: You are talking about the raw product?

Mr. Swart: Yes, I am talking about the raw product. Have you yourself been involved in this?

Mr. Pawlowski: No, I haven't.

Mr. Swart: You know obviously then of people who have?

Mr. Pawlowski: I do, yes.

Mr. Swart: But you did not inform the marketing boards or the government or the law enforcement agencies about this, is that correct? Even though I understood you to say that you recognized it was illegal?

Mr. Pawlowski: That's right. No, it's not my obligation to. The contract is made between the grower and the processor. We are not a policing agency, as I mentioned in my statement. It's not up to another processor to be concerned what the fellow down the street is doing.

Mr. Swart: Do you not think it's the duty of any citizen to inform the law enforcement agencies when the law is being broken?

Mr. Pawlowski: The marketing board has the authority to prosecute anyone who violates its regulations. I think we'll just leave it at that. This is the way the system is set up and we all live by it, or we try to. If there's any infraction, it's up to the marketing board to prosecute or to take action.

Mr. Swart: Did the marketing board know about it?

Mr. Pawlowski: In this case, yes, they did.

Mr. Swart: What marketing board was it?

Mr. Pawlowski: The Vegetable Growers' Marketing Board.

Mr. Swart: Do you not think it would be possible, through this practice, done at the end of the season, that the buyers would perhaps negotiate for quantities less than they thought they would use, so at the end of the season they could get a price below the negotiated price?

Mr. Pawlowski: No. I think every processor sets up his program that he's going to receive, for example, 20 tons per acre. He can't go on the premise that farmer B down

the street may have extra tomatoes in October—no.

Mr. Swart: It would be true, of course, by that time or even before that time, they would know what the quantity was going to be—whether it was a good crop that year or a poor crop?

Mr. Pawlowski: Yes. But he's obligated to take the tomatoes to the individual grower that he's contracted with.

Mr. Swart: It would seem to me there would be some danger in this regard. It also seems to me that there's an obligation, if the marketing legislation is being broken and anyone knows of this, that they should inform the proper authorities.

Let me go to your own personal situation on another matter: You mentioned you do give discounts. Do you have any other form of reducing the price apart from the discounts that are given at the time that you make the sale?

Mr. Pawlowski: No. We have the normal cash terms and the one-eighth leak and swell allowance, which is common across the industry.

Mr. Swart: You're not involved in any practice, as was outlined by the representative of Dominion Stores last night, that at some later date they pay a discount back? You do not?

Mr. Pawlowski: No.

Mr. Swart: Do you have to sign any forms? You will know from the discussion which took place last night that Dominion require their suppliers to sign a form that they are going to give the same discount to other suppliers?

Mr. Pawlowski: We have been requested by one chain store to sign the form, yes.

Mr. Swart: Did you sign that form?

Mr. Pawlowski: Yes, the form will be signed. It's now forwarded to the insurance company because, among other things in the form, they want to guarantee liability and there are different insurance problems. I sent the form to our insurance agent and he has it at the present time.

Mr. Swart: Would you table a copy of that signed form with this committee?

Mr. Pawlowski: Yes, I would.

Mr. Riddell: You indicated that at the beginning of a pack you'll maybe offer a 50-cent discount and at the end of a pack a 25-cent discount in order to move the tomatoes. Do you offer any volume discount at all?

Mr. Pawlowski: This could be seen as a volume discount. You're speaking of volume

as an inclining type thing—5,000 cases 10,000 cases, 15,000 cases—no.

Mr. Riddell: No volume discounting at all. The only discounting, as I understand it that you offer then is this beginning of the pack and end of the pack.

You indicated that there are cases where producers have received a lower price at the end of the season if it happens to be a surplus product. Is this not known as bootlegging and, if so, is that not an illegal practice?

Mr. Pawlowski: It is an illegal practice. Yes, it is. It could be termed bootlegging.

Mr. Riddell: But it does go on?

Mr. Pawlowski: It has happened, yes.

Mr. Riddell: You mentioned several times about violating marketing board regulations. How do you know about this violation? Has your company ever been involved?

Mr. Pawlowski: Yes, my company was involved in a violation, but not pertaining to the subject we are speaking of.

Mr. Riddell: Was it more involved than the violation of marketing board practices pertaining to price of a product?

Mr. Pawlowski: No, it wasn't.

Mr. Riddell: Would you be prepared to tell us what it was?

Mr. Pawlowski: Yes. The marketing board claims that final payment to the growers must be paid on November 15. We have had our problems in the tomato industry in the last few years, if you people have been aware, because of the high importation levels of tomatoes from Taiwan and other countries. I am an independent packer and costs are high. The line of credit at the chartered bank is \$X and, when you get to this point, you just can't move inventory because of the Taiwan import situation.

I was unable to pay my growers on November 15 and, therefore, I violated the marketing board agreement and I was cited for it. They were paid by the end of February, I believe, on agreement with my growers. It wasn't the idea that I was trying to—I knew that I had violated the agreement. But, as far as my growers were concerned, they were satisfied with the financial arrangements that I had made with them. Instead of going through a court case, I agreed to abide by the marketing regulations from here on in. That was the case for which I was cited by the marketing board.

Mr. Riddell: Apart from any discount that you have offered, you have never been forced to give a discount, if I understand what your previous statement was?

Mr. Pawlowski: No, sir.

Mr. Riddell: Getting back to this form which was brought up by Mr. Swart, is this form which is about to be signed something new?

Mr. Pawlowski: This is the first time we have received it, yes.

Mr. Riddell: What has been your agreement in the past?

Mr. Pawlowski: Our policy with our sales agency, the Vegetable Cannery Co-op, is that we have given identical prices to all chains. In other words, we do abide by the policy as set down in this letter.

Mr. MacDonald: Was that form with Dominion?

Mr. Pawlowski: No, it wasn't.

Mr. Swart: You are going to table it though?

Mr. Pawlowski: In confidentiality, yes.

Mr. Riddell: What buyers or companies have you had these agreements with in the past?

Mr. Pawlowski: What agreement?

Mr. Riddell: These discounting agreements. You were given a form, apparently, by one of the companies to fill out. You indicated that you have had agreements in the past that didn't necessarily require signing a form. I am just wondering what those agreements might have been. Would you be prepared to table such agreements and with what companies and with what buyers?

Mr. Pawlowski: Yes. This was not an agreement per se that Mr. Bolton was presented with last night. This was stating that we offer to a certain chain the same prices offered to the other chains. In other words, no, it had nothing to do with discounting at all.

Mr. Riddell: Nothing to do with discounting.

Mr. Eaton: It basically indicated that you wouldn't be discounting below other companies. In other words, you are offering the same deal to each company?

Mr. Pawlowski: Correct.

Mr. Riddell: And that is really the only form of agreement you have ever engaged in?

Mr. Pawlowski: That's right.

[11:00]

Mr. Yakabuski: Mine really isn't a question; it is a statement. I wish someone else was doing it because my name is Yakabuski and the witness's name is Pawlowski. I found the witness most refreshing and most reassuring this morning. He certainly has re-

established my faith in the ability of small business to operate successfully in the province, especially without government meddling. I want to say again I found the witness most refreshing and most reassuring. Here is a man who has his feet planted. He knows where he is going and he is doing a terrific job.

Mr. Pawlowski: Thank you.

Mr. Wildman: I have just one question in regard to the fact that Mr. Pawlowski couldn't talk about discussions that might or might not have taken place among processors. Is the reason for the lack of discussion, as you have described, because of concerns over legalities, if that did take place, under the Combines Act and so on?

Mr. Pawlowski: No, sir. To repeat, there is never any discussion taking place.

Mr. Wildman: I am basically asking the reason. Is that because there might be concern about combines legislation or anything like that?

Mr. Pawlowski: I think the main thing is because of competitive knowledge, as I stated.

Mr. Wildman: In effect, confidentiality in the market.

Hon. W. Newman: I have just a couple of quick questions, Mr. Pawlowski. You were using your own salesmen before. Now you have gone to brokers, one for Quebec and one for Ontario. Are these adding to your costs?

Mr. Pawlowski: No, they haven't.

Hon. W. Newman: You were talking about the tomato industry, about which I have a little bit of knowledge. Would you suggest that tariffs would affect the profitability of your company more than any discounts you would ever be involved in?

Mr. Pawlowski: This is true, and this is what happened to our industry in the last couple of years. I think with the anti-dumping hearing that has just been completed we have proved that Taiwan has injured the Canadian industry. I think this is going to help in the future. Any other country that decides to dump into Canada will think twice, knowing that it will be subject to this investigation. It has hurt us considerably.

Mr. Eaton: Their discounting practice in Canada hurt us?

Mr. Pawlowski: Correct.

Mr. Riddell: I would like to get back to this form which you are about to sign. Would you be prepared to tell us which company has asked you to sign this form?

Mr. Pawlowski: In confidentiality, yes. I will submit it to the attorney.

Mr. Riddell: Could you tell us whether this is a fairly recent type of thing, the offering of this form that you are required to sign?

Mr. Pawlowski: This is the first time we have been confronted with it.

Mr. Riddell: Would you tell us what is the particular need for the form at this time? What kind of protection did you have in the past, obviously without a written type of form?

Mr. Pawlowski: Our company, as I said before, offers the same pricing across the board to the chains, so we really didn't have any. I'll sign the letter without any hesitation as soon as they get it back from the insurance company.

Mr. Riddell: In your estimation, then what is the need for a form now?

Mr. Pawlowski: I don't know. It is just stating that the same price is given by our company to chains A, B, C and D.

Mr. Riddell: Obviously, that protection wasn't needed before.

Mr. Pawlowski: It may have been. Maybe it just didn't come to our company.

Mr. MacDonald: Could I ask a supplementary there? Who does the policing? You say you don't do any policing within your members. Mr. Bolton testified last night that once he signs a form he doesn't inquire as to whether or not it has been done across the board. Who does the policing to find out whether the competition laws are really being violated?

Mr. Pawlowski: I can't answer that. I don't know.

Mr. MacDonald: Would it be a fair guess that nobody is doing the policing?

Mr. Pawlowski: Again, to the best of my knowledge, I can't answer that. I really don't know. I have never been induced—

Mr. MacDonald: Mr. Bolton's statement was that the supermarkets don't do the policing, and you say you don't do any policing among your members. At least in terms of the seller and the buyer, there is no policing. That's interesting.

Mr. Pawlowski: Correct.

Mr. Deans: I have only one very short question. It may be somewhat innocuous. When you offer discount, whatever it is and for whatever reason, does that just simply appear on the invoice that you submit as X bases of such and such a product at \$X,

while underneath is a line which says: "Discount, so many dollars; amount owing, \$X?"

Mr. Pawlowski: Correct.

Mr. Deans: There is no requirement to pay in any other way? There is no back and forth exchange of capital?

Mr. Pawlowski: No, sir, the 50 cents allowance is taken off the base price, for example.

Mr. Deans: You then see a single cheque invested, that is your complete transaction?

Mr. Pawlowski: That's right.

Mr. Deans: Thank you.

Mr. Chairman: Any further questions of the witness?

Mr. Eaton: Yes. I would like to come back to that agreement you are signing for some store at the present time. Don't you think it is rather restrictive on the part of the store to tell you, as a processor, that you must offer the same price to every retail outlet in the province?

Mr. S. Smith: It is the law.

Mr. Pawlowski: Mr. Member, that is the law.

Mr. MacDonald: What's the value of the law if nobody is policing it?

Mr. Pawlowski: Gentlemen, like I say, I don't know. I am not a policeman. The association is not the policeman and you heard Mr. Bolton yesterday evening so—

Mr. Eaton: I recognize it is the law. But isn't it restrictive that they would request you to sign an agreement to that when you have to do that with all the stores anyway?

Mr. Pawlowski: This is true. With this agreement, of course, like I say, there are some other agreements, product liability insurance for example. It is just part of one general letter they ask us to sign and return to them.

Mr. Eaton: The product liability then is really asking you for something additional, some additional protection of some sort?

Mr. Pawlowski: Which is common practice for all suppliers, I imagine.

Mr. S. Smith: I have a question on the same line. Do you sell to Loblaw's, sir?

Mr. Pawlowski: No, we don't.

Mr. S. Smith: Thank you very much.

Mr. G. I. Miller: There is just one concern that I have. What share of the market do imports have?

Mr. Pawlowski: Rule of thumb, sir, Canadian consumption is four million cases approximately. We produce two million and we have to import two million to date.

We, as processors, are hoping to alleviate that importation by improving production.

Mr. G. I. Miller: Getting back to that meeting in Ottawa. Do you think there are going to be enough restrictions for you to get a larger share of the market for this season, 1978?

Mr. Pawlowski: We have planned it. We have programmed accordingly. We are all trying to increase our production to be able to satisfy more of the Canadian demand than in the past. There definitely will be reason for importation until we develop varieties.

We do have the mechanical feasibility. There is no problem as far as machinery is concerned, but we are on the fringe of the growing area and our friends in the United States, namely California, are the top producers in the world and they are on our doorsteps at all times.

Mr. G. I. Miller: In other words we are only producing 50 per cent of our need?

Mr. Pawlowski: Maybe a little better, sir, I would say.

Hon. W. Newman: I have a supplementary question, sir.

Is it not true that if tariff reference 152, now being negotiated in Geneva, is carried out you would not have too much difficulty producing the four million cases needed here?

Mr. Pawlowski: This is what I am saying. If we have the protection on the right varieties, we are going to improve on that 50 per cent share. We are striving for this, sir.

Mr. G. I. Miller: If I may, I have one further question. How much are you under-priced by imports?

Mr. Pawlowski: The biggest culprit was Taiwan. I believe in the study conducted by the Canadian Food Processors Association, tomatoes from Taiwan were coming into Canada at less than \$2 a case below our mean cost of production.

Mr. G. I. Miller: And who was the importer for that?

Mr. Pawlowski: Who was the importer?

Mr. G. I. Miller: Yes.

Mr. Pawlowski: There were various importers, sir, that brought them into Canada.

Mr. G. I. Miller: Through brokers?

Mr. Pawlowski: Through brokers mostly and through distributors, yes.

Mr. Chairman: Any further questions of the witness by members of the committee?

Mrs. Webster and Mr. Pawlowski, thank you very much for appearing before the committee this morning.

Mr. Pawlowski: Thank you, sir.

Mr. Chairman: The next witnesses are from the Ontario Egg Producers' Marketing Board and we have Mr. Jim Johnstone, chairman, and Brian Ellsworth, secretary manager.

Mr. Johnstone: Mr. Chairman, it will be Mr. Harris our counsel.

Mr. Chairman: Mr. Harris.

James W. Johnstone, sworn.

Mr. Johnstone: Mr. Chairman, I have a very brief statement to make. I have copies if you wish to distribute them. I hope it won't be too disappointing. It may be a rather short stay in this chair.

The subject matter of this inquiry does not affect the egg producers of Ontario. Shall I proceed and read the statement?

Mr. Chairman: Go ahead, Mr. Johnstone, please.

Mr. Johnstone: It is the function of the Ontario Egg Producers' Marketing Board to guarantee to every producer under its jurisdiction the price of their eggs which is set from time to time by the board of directors.

The Ontario Egg Producers' Marketing Board began pricing eggs f.o.b. the producer's farm in 1972. We have not received one complaint from any producer that they have received less than the established price set by the Ontario Egg Producers' Marketing Board in that period of time.

On the back of that statement I have attached our most recent price list, established on May 11 which was sent to the producers.

Hon. W. Newman: Mr. Johnstone, I would just like to ask you a question.

If we have a producer-grader situation and the grader sold eggs to a chain store, or anyone else, below the market price, which is set by formula, what sort of action would your board take?

Mr. Johnstone: Our board would take no action in that regard, Mr. Minister. He is selling that product as a processor, not as an egg producer.

Hon. W. Newman: What I am saying is—and I think I should make it clear—suppose the price of eggs was set at 61 cents at the farm gate, and as a producer-processor, in order to get into a market he decided to sell eggs as a grader at 59 cents a dozen. In effect he can't even be paying himself as a producer at 61 cents a dozen—is that clear?

Mr. Johnstone: That is the understanding the board would take in that matter. It is a decision he makes voluntarily as a processor and marketer of eggs, to sell those eggs at less than the board's set price.

Hon. W. Newman: But he must pay himself the board's set price?

Mr. Johnstone: He must pay himself the board's set price.

As was pointed out at the hearings on Bill 48 some three weeks ago in this very room, the dissident producers stated that company A, the grading station company, paid the producer company the board's set price for the product.

Hon. W. Newman: Another question. Have producers ever been forced, to your knowledge, at any time, to absorb any part of any discounting practices that went on at the processor level?

Mr. Johnstone: To our knowledge we have never had a complaint from a producer brought to us that this has happened. This price was sent to all producer-graders, all grading stations and these prices are also published in both daily newspapers and most of the rural newspapers, so the producer does know what the board's set price is. If he received less, I assume we would hear from him very quickly.

Hon. W. Newman: From time to time permits are issued by IT and C in Ottawa for importation of US eggs into Canada. Are there any discounts on those eggs that you know of at all? Is there any sort of practice going on in the imported eggs that would be contrary to anything as far as CEMA is concerned?

Mr. Johnstone: We of the board, Mr. Minister, have no knowledge of the actual imported price or the actual individual who does the importing. As a board we are not concerned with what their trade practices are once they import that product.

Mr. Yakabuski: Mr. Chairman, I didn't expect to be on that fast. I thought some other arms would have shot up much sooner than mine because they are in the habit of doing so.

The one thing that has bothered me—it bothered me at the hearings the other night, on Bill 48 was it?—was this levy to be deducted, seven cents. I think that was mentioned the other night too. That appeared terribly high to me, but maybe if you explained, I would perhaps better understand what all is involved in that seven cent levy. Is that seven cents per dozen?

Mr. Johnstone: Per dozen, yes, sir.

Mr. Yakabuski: Deducted from the above prices?

Mr. Johnstone: Yes.

[11:15]

Mr. Yakabuski: That's at least 10 per cent, and it could average more than that, 10 or 12 per cent, when you average the grades.

Mr. Johnstone: The cost-of-production formula, on which eggs are priced across Canada, is set by the Canadian Egg Marketing Agency and monitored by the National Farm Products Marketing Council; it was a P. S. Ross study that established this formula, which has gone through a public hearing to validate it. In that formula there is five cents allowed as a levy—two and a half cents for administration of the national agency and the provincial marketing boards, and two and a half cents for surplus removal, or the removal of product which will not sell on the table market; there's no demand for it.

Mr. Yakabuski: Is that a sort of reserve fund, that second two-and-a-half-cent levy?

Mr. Johnstone: No. It is used to remove the surplus product that comes on the market every week.

Mr. Yakabuski: That comes on the market every week?

Mr. Johnstone: That is available to the market every week, yes.

The additional two cents that is being charged at present comes directly out of the producer's pocket; the five cents is paid by the consumer in the price of eggs. The two cents comes as a result of the setting of the national quotas higher than the actual demand was, creating more surplus than the formula was designed to remove; therefore, the producer has to pay that additional—

Mr. Yakabuski: Can I stop you right there? We'll take Canada grade A, extra large size, 74 cents.

Mr. Johnstone: Yes.

Mr. Yakabuski: At the farm gate.

Mr. Johnstone: Yes.

Mr. Yakabuski: Unwashed. From that 74 cents, are we deducting two cents or seven?

Mr. Johnstone: Seven cents.

Mr. Yakabuski: I thought as you went along you said the farmer paid two cents directly.

Mr. Johnstone: The cost of producing 74-cent eggs is actually 69 cents. The five cents added on is the consumer subsidy for the overhead and administration of the marketing boards. The two and a half cents, of which the consumer receives the benefit, by the surplus product going into the further processing industry—for powdered eggs, frozen eggs and what have you, which are used for processing into noodles, spaghetti, cake mixes and all these other types of products, where

the consumer receives the benefit—is allowed as a consumer cost in the pricing formula.

The actual producer is receiving, under normal circumstances, his cost—69 cents on that 74-cent price you have there—but he is paying two cents above that now because the Canadian Egg Marketing Agency set the national production requirement higher than the actual consumption was.

The producer has received the benefit of producing more product, but he has to pay for the removal of that extra surplus. That situation is being corrected very rapidly now, because the national quota was lowered by five per cent on January 1 to eliminate the necessity of having this extra two cents coming out of his pocket.

Mr. Yakabuski: Thank you very much. You have explained that point very well.

The other thing was, do you feel there will be more stability in the industry now, since we've gone through the hassle of Bill 48?

Mr. Johnstone: We sure hope so. Yes, sir.

Mr. S. Smith: First, I'd like to follow up on what the minister has already taken up with you—the matter of a producer-grader who has two hats to wear and who can be buying from himself as producer and selling to himself as grader. Apparently, as long as he makes a book transaction at the marketing board price in buying from himself as producer, he is apparently free, as a grader, to engage in whatever marketing practice he may wish.

May I ask roughly what percentage of the egg market in Ontario would be in the hands of these two-hat-wearing individuals, producer-grader types?

Mr. Johnstone: Virtually all of it. Even a great many of our larger grading stations have production of their own attached to their operations; so they could be classed as producer-graders, in that sense. Of what we class as a producer-grader, which is the producer who grades and markets his own product, I would say that perhaps 20 per cent, maybe 30 per cent, of our producers are in that category; that is, they actually grade and market their own product only.

Mr. S. Smith: I see. Maybe I should have phrased my question differently. I appreciate the information you're giving us.

For all graders, what percentage of the number of eggs that come out of their grading stations would have actually come from their own hens?

Mr. Johnstone: That would vary to a great extent.

Mr. S. Smith: Is there no rough ball park figure?

Mr. Johnstone: No, there is such a variation.

Mr. S. Smith: Probably it is at least 20 per cent, but maybe it is 50 per cent.

Mr. Johnstone: For some it could be 20 per cent and for some it could be one per cent, depending on the size of the operation. There is no real ball park figure you can put on that.

Mr. S. Smith: In Ontario, 20 per cent are actually only grading their own eggs you say.

Mr. Johnstone: Yes.

Mr. S. Smith: So at least 20 per cent of the market is of that nature.

Mr. Johnstone: No, not 20 per cent of the market; 20 per cent of the producers.

Mr. S. Smith: Not of the number of eggs.

Mr. Johnstone: Not of the number of eggs.

Mr. S. Smith: They may be small producers.

Mr. Johnstone: The number of eggs might amount to five per cent or even 10 per cent.

Mr. S. Smith: Are you in any way troubled by this matter of the producer-grader being able to change hats of this kind? Is this something the board is concerned about or has it seen it as no problem really?

Mr. Johnstone: It has never been advanced as a problem.

Mr. S. Smith: Do these producer-graders to your knowledge sell below the minimum price that producers are supposed to receive?

Mr. Johnstone: I would doubt that very much. For the two and a half cents that is used as a surplus removal levy, the marketing board sets what it considers a stock loss price to buy back that surplus product, which at present on large eggs is nine cents above the producer price. So why would a grader or a producer sell his product to someone at less than the producer price, when he could sell his product to the board for nine cents over? I just don't think it is a problem.

Mr. S. Smith: I understand. As long as the board has established a willingness to buy at that price, obviously there would be no benefit to a producer in selling more cheaply.

The reason the egg matter came up at all, as you probably know, is the practice which came to our attention of some of the directors of the board who are producer-graders, who as graders or packers were selling to

Loblaws at a certain price. Then they were asked by Loblaws to return a cheque for two cents on the dozen, I believe, to a Loblaws subsidiary. Are you familiar with that practice? Have you inquired of your directorship and your members about that?

Mr. Johnstone: I am not familiar with this practice but I have with me this morning, Mr. Joe Hudson, who is a producer, grader and processor of eggs who would be willing to sit and answer questions. Perhaps he would be more qualified to answer this question because he does deal in that market.

Mr. S. Smith: That would be the ideal person for me to speak to, Mr. Johnstone. I would be very glad to if the committee agreed to hold my further questions until Mr. Hudson took the stand. I think that he probably would be able to answer my questions.

Mr. Chairman: Is it the wish of the committee that we bring on Mr. Hudson following the questioning of Mr. Johnstone?

Mr. MacDonald: Mr. Johnstone, are you confident that all of your producers are aware of the fact that they are entitled to the regulated price and indeed, if they accept less than that, they are violating the law?

Mr. Johnstone: Yes, I am confident that they understand that.

Mr. MacDonald: Are they periodically reminded of it?

Mr. Johnstone: We have never found it necessary to remind them. As I say, the price we establish is published in the local newspapers right across Ontario—in all major newspapers at least. Being in the egg business as a producer for some 20 years now, before the board set the price, the first thing one did every morning virtually was go through the paper and look at the egg price to find out what the market was. Something producers do automatically is to check the prices to make sure that they are not being violated.

Mr. MacDonald: You are not aware of any instances in which a producer has sold at less than regulated price?

Mr. Johnstone: No, sir.

Mr. MacDonald: You don't suspect there may be?

Mr. Johnstone: We receive in our office the grading receipts that pass through from all producers and all producer-graders. They must report to us on a weekly basis. We receive the grade-out sheets of all the producers. This is so that we can keep track of the levy

deduction. It would come to the attention of our office, should someone be receiving less on their grading sheets.

Mr. MacDonald: Let me make a statement to you and I would like your comment on it. I am deeply concerned about this aspect of it because I have reason to believe there are growers who are selling below regulated price. In fact, the previous witness conceded that he knew of instances, and it isn't reported to the marketing board.

We had testimony from one of our committee members who is an apple grower and was faced with an invoice in which there was a deduction. He did not report it—at least until his testimony before the committee—and then he was presented with this alternative procedure: "Just put an add on and then when we pay you we'll take the add on back as a discount, so you'll have a higher price passing through to the consumer." Since the producer is subject to very merciless pressure in a highly competitive industry, you don't think that that practice would exist at all?

Mr. Johnstone: No, sir, not at the producer level. There is as much competition among egg processors to obtain shippers of eggs—to get the producer to ship his eggs to them. The competition at that level is so keen to get the producers to ship their eggs to me, say, as a grading station, that I could not pay my producers less. There would be somebody standing right over here who would be more than happy to go in and grab that producer and bring him over to his station, so that he has the volume of eggs.

Mr. Eaton: Might they pay him a bonus?

Mr. Johnstone: In some cases, yes, they do pay above the board-set price to obtain shippers of eggs. The processing industry in Ontario is a highly competitive industry, in the egg industry at least, and they do pay premiums to certain shippers to entice them to their station so they have the volume and they can supply the market.

Mr. MacDonald: I suppose the reason you don't have a problem is that you have the surplus removal procedure, so that if they do happen to find themselves with a surplus they can't get rid of it without a loss?

Mr. Johnstone: And that is at the processing level, Mr. MacDonald; that's not normally at the producer level.

Mr. MacDonald: Right. So your testimony is that, unlike other marketing boards in the vegetable field, for example, you are confident there is no producer being

short-changed because of the pressures in the marketplace?

Mr. Johnstone: Yes, sir. The processors may have their own problems but the producers are very well looked after, we think.

Hon. W. Newman: Mr. Chairman, on a point of order: Regarding what Mr. MacDonald said, I think it is really important to make it very clear that the evidence of the previous witness—it should show on the record—was that the contracts were fulfilled as negotiated—completely fulfilled.

Mr. MacDonald: Let's not fudge the issue.

Hon. W. Newman: No, I'm not fudging the issue at all.

Mr. MacDonald: He also said that in the selling of the surplus it was done at less than the regulated price and he conceded that was illegal.

Hon. W. Newman: Right.

Mr. MacDonald: That's the point I'm making, so let's not fudge it.

Mr. J. A. Taylor: Of course, you don't have a buy-back provision in other instances either, as you do in eggs. In fairness, I don't think you should magnify the problem. There was some personal knowledge of an incident or two—I don't know how many—where this did happen, but I think you have to distinguish between the two situations.

Mr. MacDonald: I not only feel I have to distinguish between them but I did so. I suggested to Mr. Johnstone that they're not in that trap because of the fact that they have the surplus removal system so that nobody is going to be left with a—

Mr. Johnstone: A product he can't move.

Mr. MacDonald: —product he can't move. What concerns me is that in other areas there are illegalities. The board, which is presumably responsible for regulating, isn't informed and therefore cannot regulate. As I said a moment ago, we've heard from the food processors that they do no policing within their ranks. We heard from the supermarkets that when they get a discount, they don't do any policing to see that it's discounted, so there is nobody policing the combines law.

Mr. Chairman: Are there any further questions, Mr. MacDonald?

Mr. MacDonald: No.

Mr. Chairman: Is there any further questioning of the witnesses by the members of the committee? If not, thank you very much, Mr. Johnstone and Mr. Harris, for appearing before the committee this morning. We'll call on Mr. Hudson now.

Mr. Eaton: Before we call on Mr. Hudson could I just refer back to what Mr. MacDonald said about the practice in the tomato field? It's my understanding that it would be policed by the board and that there were charges laid against some processors for buying tomatoes under the board price. Could the minister clarify that or have it clarified and brought back to committee later for our information—that over the last two or three years a couple of times charges have been laid for people buying tomatoes under the negotiated price?

[11:30]

Mr. J. A. Taylor: Mr. Minister, at the same time as his previous statement, Mr. MacDonald made the statement that there is no one policing the combines law. You might determine that. I doubt very much whether that is accurate and you might confirm that that's federal legislation as well.

Mr. Poole: I can confirm, Mr. Chairman, that that's federal legislation.

Mr. MacDonald: I know it's federal legislation, but we've had testimony that the processors don't police it, and the super-market retailers don't police it. So nobody is reporting the breaches and the law is a dead letter.

Hon. W. Newman: I can say that there have been some charges. I can't tell you the specifics.

Mr. Eaton: Can you verify that charges have been laid against processors for buying tomatoes under the board prices in the past three or four years?

Mr. MacDonald: Perhaps at the same time, you can find out how many breaches of the law there were—that for the hundred that were breached there were two charges laid.

Hon. W. Newman: How many do you know of? That's a statement, eh? It's great to make great and fanciful statements, but we'll give you the facts.

Joseph H. Hudson, sworn.

Mr. Chairman: Would you like to make a statement?

Mr. Hudson: I don't have any written statement. I didn't realize what I was getting into, I guess, but I will just make a general statement and maybe it will answer quite a few of the questions and save some time for everybody involved.

Regarding the discounting, et cetera, that has been discussed—we've heard a lot about it in the last little while. We deal with nearly all the major chains. We sell to them at net prices that are based on rebates, volume dis-

counts, cash discounts, delivery, service and so on. But when you net it all back it comes back to the same price, with variances as to volume, with variances as to number of deliveries, with variances as to how the man pays and so on.

These prices will vary in respect to area. As you see in your marketing board prices, in the east the price rises to take in freight. We've had some great fights with our people in western Ontario over that, but the east prevailed for once. The number of deliveries the stores take, the time we have to deliver, the service required, the terms—and these are available to all buyers along with the volume discounts.

These are not always set up as a net price. Some of them are set up as an add-on. We do have, certainly, chains that require us to make house rebates. They call them earned cost reductions, and some call them discounts, and some call them rebates but it's all money. These vary anywhere from zero to four or five cents a dozen, but these are strictly add-on situations. In other words, let's say the price of eggs selling to the retailer was 80 cents. He wants four cents back and he gets charged 34 cents.

On top of that, we do give, as processors, certain discounts if we have over stock. With the board buying back we try not to let this happen too often, but once in a while you get into an overstocked position on a certain size that isn't moving. Then you will offer the various chains a few cents a dozen if they will feature that over stock you have and move it. This is maybe not given to all chains the same day, but if you have enough only for one chain you'll take them in rotation, if you follow me. You would give it to chain number one this week and if you had it next week, you would give it to chain number two and so on. If you don't, you don't have to be policed by the combines; you get policed by the fact that they want you to give them exactly the same thing you're giving everybody else.

There is considerable controversy over what happens regarding discounts. These rebates, to the best of my knowledge, are used in the promotion of the product. It's used to promote, to sell and to put that product on the shelf and, of course, to maintain their system.

The other controversy that has come up is what this does to the consumer price. You have chain number one establishing his price based on zero rebate or earned-cost reduction, chain number two, if he's got a five-cent cost reduction coming back to him,

certainly can't charge any more than chain number one will, based on where he sets his retail price. If chain number one buys eggs at 80 cents and he sells them for 89, for instance, chain number two buys at 84, gets a four-cent rebate, and I am sure he can't add nine cents on 84 to come up with 94 cents. The consumer will police that very quickly.

I don't know what else I have here. I can hardly read my own notes. One question came up about the producer-graders. There are several producer-graders in the industry. We are producers and we are graders. I don't think any producer-grader, except the small producer-grader—the individual who grades only his own eggs—has possibly more than 20 per cent of eggs in our station that belong to us. The rest are purchased at the marketing board price, so in your own division, in your own company, you simply reflect your price. You sell your own eggs to your grading station at the marketing board price and proceed to compete with your other grading stations, but most of the grading stations have some production.

As for competition and so on—Mr. MacDonald's question about who policed the thing—I think that we, as processors, are smart enough not to get caught selling to any major buyer above the price that anybody else is getting, or they will police us very quickly. We could lose our business with them, there is no question. We know that if we sell eggs to chain store one at, for instance, an 80 cent price that we can't be selling to anybody else at 81, or 82 or 83, because if they were to catch us—firstly, I understand it's illegal—it would certainly put us out of business very quickly if they found us engaging in this practice. I think the industry polices itself; I know the easiest way to lose business would be to be caught selling to a major competitor at a lower price. You certainly would lose your business with the chap who caught you and would deserve to lose it. That's all I have for statement.

Mr. Chairman: Thank you very much, Mr. Hudson.

Hon. W. Newman: Can I ask one quick question?

Mr. Chairman: Go ahead, Mr. Minister.

Hon. W. Newman: Mr. Hudson, has any chain or anybody you sell to demanded a discount from you?

Mr. Hudson: No, I think they have certainly come to us and said, "You sell us eggs and this is what we feel we are able

to get eggs at. Will you meet this price?" You know, you are given the option. Certainly they bargain with you. They will say to you, "We can get a certain price for eggs and if you are willing to meet this price, we will buy eggs from you. If you are not, we will probably buy elsewhere." This is done in competitive bargaining. One other thing, if I might add to my own statement, absolutely nothing is subtracted from our producers, relative to any of these discounts at the chain store level, absolutely nothing.

Mr. S. Smith: Thank you for your statement, Mr. Hudson. I am certainly satisfied that at the producer level, it seems as though the price is maintained in a reasonable way. But I am very interested in what you were informing the committee with regard to how you as a grader and shipper will deal with the chain stores, for example, and other purchasers. I wonder if you might take us through the procedure in a way that might make it clear for us.

To begin with, you mentioned that sometimes the discount, due to area or number of deliveries or the terms of payment or possibly some promotional idea—and I think you even mentioned "to put the product on their shelf," to use your own words—sometimes this discount amounts to as much as four or five cents a dozen. But you do say that you offer all your customers the same benefit, the same discount.

Mr. Hudson: No, we offer all our customers basically the same net price. If, as you suggested before, Loblaw's wanted a two-cent rebate, Loblaw's would have to take our net price that we want to operate on and add two cents on to it to get back that two cents.

Mr. S. Smith: I see, that's interesting. So basically what you are really offering to all your customers, Mr. Hudson, if I understand you correctly—and please correct me if I don't—is the same net price.

Mr. Hudson: That's correct.

Mr. S. Smith: And that's taking into account various differences that may exist between customers—

Mr. Hudson: Volume, numbers of deliveries—

Mr. S. Smith: —legitimately related to the costs of doing business.

Mr. Hudson: That's right.

Mr. S. Smith: Have you never been asked, for instance, to give a discount to a chain on the basis of volume or promotion in which the discount you were asked to offer was out of keeping with the genuine savings that might have come from the additional volume

or from the additional promotion that that chain might have done?

Mr. Hudson: I won't say we haven't been asked, but we haven't accepted. You always get asked.

Mr. S. Smith: You have been asked for things you thought were beyond the genuine benefits of volume sale, and beyond the genuine benefits of the promotional and advertising package that you might have been offered. In those instances you have refused. You have paid basically—

Mr. Hudson: That's right. We have been asked by virtually all the chains from time to time over the years—we have been in it for quite a few years—for something that was unreasonable. You either have to accept or not accept, based on what you can live with in your total industry.

Mr. S. Smith: Right. Has anyone ever threatened that if you didn't accept something they offered your product would be delisted?

Mr. Hudson: They don't delist our product. They just stop buying from you.

Mr. S. Smith: Just stop buying—

Mr. Hudson: Certainly they have. And once again that is the buying-selling operation. You have to decide whether he means it or not, that's all.

Mr. S. Smith: I see. Have you ever by this situation, which may be nothing other than good free enterprise for all I know, been in a position where you have had to accept to pay discounts which in your mind were really excessive compared to the service you were truly getting as a consequence of (a) being able to sell in volume or (b) obtaining certain promotional or advertising benefits?

Mr. Hudson: If you mean right now as in the egg-processing business, the margins are extremely low and we are not getting the price we should, to get a return on our investment. That is simply the fault of the processors. I think we are doing this to ourselves, more so than the chains or the buyer doing it; it isn't all chain, there are independent buyers, too.

There is a very low, low margin in the processing industry but we are responsible for this. We don't have to charge the price we charge; we can charge more if we feel it justified. There is a surplus in Ontario of processing equipment and processing space—maybe not of processors, but certainly of equipment and processing space—and this is possibly part of the cause.

Mr. S. Smith: I see. On the matter of the four cents and five cents sometimes offered as

discount, resulting in the same net price. Can this same net price also be offered to your smaller customers? Can you give us some idea of what the difference might be in the price actually paid by your smaller customers versus your larger so that we can relate it to the benefits of volume and so on?

Mr. Hudson: We have a one-case account where we would be better off to send the guy a couple of dollars a week and let him buy his eggs at some other place, but he is on the road and your truck stops for him.

Mr. S. Smith: Of course.

Mr. Hudson: Let's pick a price of 80 cents as a hypothetical price, the variance may be as high as, in your bigger customers, maybe half to three-quarters of a cent; it's a very small margin business. Then when you get down to your small one-case accounts, you may be six cents above the large buyers that would buy say 1,000 cases.

Mr. S. Smith: Still, even from the smallest to the largest, you are talking about a seven per cent differential, at worst, I mean, even down to your one-case guys.

Mr. Hudson: You're talking at the most maybe an eight to 10 per cent differential—yes, you're right, it would be about a seven or eight per cent differential.

Mr. S. Smith: That represents the genuine benefits of being able to deal at one stop, with one bill, and in volume.

Mr. Hudson: Most of us are attempting, at this point in time, to deal through distributors.

Mr. S. Smith: I see. And cut down on deliveries.

Mr. Hudson: A distributor, if he buys enough, would buy at the same price as the major chain and then he would redistribute. However, once again, he doesn't have the margin, he has maybe only four, five, six cents to distribute on.

Mr. S. Smith: I understand that. I want to, with the committee's indulgence, ask about this add-on which you mention. I want to understand it well and I would like you to take me through it, if you could. I am not that familiar with your business, sir, but I would be interested in this.

I take it there are some chains which simply get a net price. It's written on their invoice, they pay you, that's the end of the matter, your cheque comes back for the same amount as the invoice, there is nothing funny about it and the cheque doesn't vary from the invoice.

Mr. Hudson: That's right, the invoice; that is all there is to it.

Mr. S. Smith: And that is all there is to it.

Mr. Hudson: It's a net sale. If you charge him X amount of money for his eggs, he pays that amount of money, right.

Mr. S. Smith: Right. And he has an understanding with you that that represents whatever the benefits are of volume or anything else?

Mr. Hudson: That's right.

Mr. S. Smith: All right. Yet there are other chains where the practice is different. The net may end up the same, in fact, you say it does end up the same—

Mr. Hudson: Right.

Mr. S. Smith: —but the invoice is for a higher amount.

Mr. Hudson: Yes.

[11:45]

Mr. S. Smith: Does the cheque come back for the higher amount or does it come back for a lower amount?

Mr. Hudson: It comes back in two ways. Some of them you simply deduct from your weekly statement. You simply say there's a one cent or a two cent volume allowance or whatever it's called—earned cost reduction.

Others want a cheque back at the end of the month or the end of the quarter or something that represents the two cents. It's done in two different ways.

Mr. S. Smith: Basically, we have three different methods of billing and paying, if I understand you correctly.

Mr. Hudson: That's right.

Mr. S. Smith: One is you simply negotiate a low price. You charge it. You get paid. That's it. That's simple for all of us to understand.

Then you have a practice where you negotiate a low net price but you charge a gross price minus a discount and you get paid your net price.

Then there's a third practice whereby you charge a gross price but there's an understanding that you will send back a cheque with the difference to bring the matter effectively to a net price.

Mr. Hudson: That's right. That's where you end up.

Mr. S. Smith: Do the chains realize, when you're charging them a higher gross price and giving them back a cheque, that in point of fact they're not getting any better deal than the other chains? Do they realize, in point of fact, they're paying a higher gross price but

getting a cheque back, whereas others are paying a lower gross price to begin with? Do they understand that?

Mr. Hudson: Yes, they're told that. They come to us and say, "Listen, we're getting two cents. We want three." We say, "That's fine. Your price just went up a cent."

Mr. S. Smith: And they accept that?

Mr. Hudson: I'll give them 10 cents if they want it. I don't mind, as long as they want to pay it.

Mr. S. Smith: As long as they'll pay more.

Mr. Hudson: Whatever they want is thrown on the top. I can't go below that net figure.

Mr. S. Smith: Does it strike you as odd, that people would be willing to allow you to raise your gross price provided you agree to give back an equivalent amount as a rebate, rather than just deal at the price you were dealing with, rather than change anything at all?

What could possibly be the reason? If you're doing business in a certain way, let's say, with an 80 cent price and a five cent rebate, what in heaven's name would be the point of adding on another cent to the price and then adding the same cent on to the rebate?

Mr. Hudson: That you'd have to ask the chain stores. It may be odd but there are a lot of odd things in dealing with the chain stores and you don't question them either. It's all buyers, not just the chain stores.

Mr. S. Smith: You've never figured it out. You don't know why they do this?

Mr. Hudson: I think it is simply that they are funding that amount of money to deal with their egg business, for instance, inside their account, whereas the other people are putting it into their gross markup.

In other words, let's say they added nine cents on. The chains or anybody else always try to stay below the next cent. If you had an 80 cent price, one is taking the 80 cents and adding on nine cents and he has all his costs written in there. The other one may be taking the 80 cents—he takes the four cents and, as I see it, makes that four cents handle certain costs and then he has five cents to add on to take care of whatever is left.

Mr. S. Smith: Basically that's a bookkeeping thing.

Mr. Hudson: Basically it's a bookkeeping thing for them. It's not up to me to question it.

Mr. S. Smith: Of course, I understand that. I just wondered if you had any more

insight than I do, because I have been puzzling over why in heaven's name they would want to do something as strange as that.

Mr. Hudson: As long as they'll buy eggs from you, you don't—

Mr. S. Smith: I appreciate that.

Mr. Swart: A short supplementary: Do you ever send the rebate to a different company, a subsidiary of the company, or does it always go back to the same company?

Mr. S. Smith: That was my next question, of course.

Mr. Hudson: It goes wherever they tell you to send it. In all cases, it's to either the company you're dealing with or a subsidiary of that company, one or the other.

Mr. S. Smith: Let's take the case where it doesn't go back to the company you deal with. Frankly, I don't understand why they do it that way in a company you deal with, but let's deal with the one where it goes to a subsidiary. Would you say that Loblaw's would be an example of this where the cheque rebate goes to Intersave?

Mr. Hudson: I didn't say it did.

Mr. S. Smith: Would you agree with me that that is an example?

Mr. Hudson: I won't divulge my private dealings with the company. I will simply say we have at least one group we operate with that takes it to a different division of their company.

Mr. S. Smith: Intersave is a different company.

Mr. Hudson: Is it a different company? I don't know.

Mr. S. Smith: It may be beneficially owned by Loblaw's but we have yet to establish that, but it is a company.

Mr. Hudson: However, in this case, as I would understand it, I believe that company simply does the dealings for them in that area and they work it all out.

Mr. S. Smith: Basically it receives the money. You yourself have never had any dealings with them apart from sending them a rebate cheque, I presume.

Mr. Hudson: Oh, yes. As I said, I won't divulge what we do with Loblaw's and what we do with Dominion and so on, but I will tell you what I know about Intersave as far as I can. Intersave does the negotiating of price and so on. They actually do the negotiating with you. In other words, they perform a function for Loblaw's. We deal with these people. They are working in this system. They perform a function.

Mr. Eaton: It's almost a brokerage situation then.

Mr. Hudson: Whatever. We're dealing with the people from Intersave when we deal with it. Then when it becomes operational, we go down and deal with Loblaws in our particular case.

Mr. S. Smith: Does Intersave send you an invoice for the services they've rendered to you?

Mr. Hudson: No. Anything that's done is done intercompany, between the two groups.

Mr. S. Smith: It's just understood that you sell to Loblaws—your cheque comes from Loblaws, not from Intersave—but your rebate goes to Intersave.

Mr. Hudson: That's what you told me, yes.

Mr. S. Smith: You're not disagreeing with me.

Mr. Hudson: I just told you what I know about Intersave. If you want to know specifically, I'm not going to give you specific details of the companies and what goes where, but I will say of Intersave that it is a group that does the buying and negotiating on some products, including eggs, for Loblaws.

Mr. S. Smith: I don't think it's unreasonable for me to simply ask you this: When you sell to Loblaws, do you receive a cheque from Loblaws—

Mr. Hudson: Oh, yes.

Mr. S. Smith: —and do you send your rebate cheque to Intersave? I'm not asking you anything terribly private about this.

Mr. Hudson: Certainly I receive my cheque from Loblaws. As I say, I don't want to reveal any confidential information. Intersave can tell you what happens in that respect.

Mr. S. Smith: They told us to ask the suppliers—not Intersave, to be fair; Dominion was here last night and kept saying they wouldn't reveal anything and we should ask the suppliers.

Mr. Hudson: If you want that information, I would reveal it in confidence to the—

Mr. S. Smith: All right. If you would be so kind as to do that—

Mr. Hudson: No problem. But I certainly won't reveal individual statistics on an individual—

Mr. S. Smith: We weren't asking that. You have told us that, roughly speaking, the maximum rebate generally comes to about five cents a dozen, and that sometimes it's a net cost and sometimes it's a rebate. That's really what we wanted to know. You really can't speculate on why they would do it that way

rather than just have a net price to begin with.

I don't think I have any more questions for Mr. Hudson at this time.

Mr. Eaton: I'd like to direct a question along the same lines. You indicated that, in the case of some chains you deal with, you set a price of 84 cents and they pay you 80 cents. We had an example of that before the committee the other night. Would that be IGA that would do that by any chance? Do you deal with IGA?

Mr. Hudson: What do you mean, they would just pay you 80 cents?

Mr. Eaton: The indication was—and you indicated it here—that you had an add-on price; in other words, you were only accepting 80 cents but you actually billed them for 84 cents.

Mr. Hudson: We have several chains that do that. It runs anywhere from a fraction of a cent to as high as about five cents.

Mr. Eaton: In some cases would this be a company like IGA where you are making smaller deliveries to 10 or 15 IGA stores and—let's use 84 cents as an example—you're setting the 84-cent price as your delivery price to them but IGA are only paying you 80 cents, so they're taking four cents, supposedly, as a broker or a central clearing house?

Mr. Hudson: Once again, I won't name a particular chain, but you do have one or two chains that have smaller stores of their own and franchise stores dealing with them; they have an in-house rebate built in, because they're doing all the bookkeeping and accepting the credit from the storekeeper and paying us. We're getting our credit terms with them.

Mr. Eaton: That's how they work their in-house bookkeeping system. You're really billing them for the 84 cents and they're paying you 80 cents.

Mr. Hudson: Yes, I would bill the IGA type of chain, where they have stores associated with them; they accept it all as a central billing. What deals they have with their stores, I have no idea.

Mr. Eaton: You mentioned an earned cost discount for the stores. How do you arrive at an earned cost discount? Is it strictly volume?

Mr. Hudson: It's an earned cost reduction, I understand. It's just a different name that different people put on different things. They are all rebates.

Mr. Eaton: But, basically, does the earned cost reduction come about because of volume?

Mr. Hudson: As far as I'm concerned personally, it comes about based on my net price to that chain. He can have whatever earned cost reductions he wants built in any way he wants them. I treat it as a rebate, regardless of what you want to call it.

Mr. Eaton: Okay. Let's call it a rebate. Is it because of volume that he earns that rebate?

Mr. Hudson: Yes. In other words, if he were one store taking five or 10 cases of eggs, he probably would pay three cents more. But because he's got X amount of volume, and taking his deliveries in certain ways, it comes back down. If you want to work it that way, yes.

Mr. Eaton: Okay.

Mr. Hudson: But we don't have any set system. I couldn't table with you a sheet that says if I sell a single store at a bargain volume, it's this; it's just something that has been done over the years in the egg industry.

Mr. Eaton: You mentioned before that at times you ran specials or discounts to certain chains, and you tried to rotate it from one chain to the other if you just had a limited quantity that you were running these specials on. Would you only do that with the chain you're doing business with at that particular time, or would you perhaps use that discount practice to get in on somebody else's market at a particular moment?

Mr. Hudson: I would say it's used in about as many ways as there are to use; there's no question about that in the egg business. But my point was this: Let's say we had—and this can sound a very small amount of eggs—50 cases of grade A small, and they weren't moving. We would already have packed them into cartons. We're not going to unpack them and put them into a loose pack to sell to the board. We're going to find one of our people and say, "Look, I've got 50 cases. Will one of your stores move them?"

Mind you, if you move them to Steinberg this week and they see one of these fellows running an in-store deal, Dominion's looking over your shoulder and he'll want it next week. If you have something, you just don't give it to the same man every week.

Mr. Eaton: But you indicated that was somebody you were dealing with. You would not go to somebody you weren't selling eggs to at that particular moment and offer them—

Mr. Hudson: No, I would say that you might pass it around.

Mr. Eaton: You might pass it around like that? In other words, maybe you are breaking

that restrictive trade practice a bit by offering those. Are you?

Mr. Hudson: I don't know. But, as I say, sometimes it's such small amounts that by the time you get down to offering it to everybody and heard back from them, the eggs would be rotten.

Mr. Eaton: And you wouldn't have been able to slip in on your competitor at the board?

Okay. That's all the questions I have.

Hon. W. Newman: Mr. Chairman, just a quick question to Mr. Hudson: From what you say, wearing your processing hat for a moment, I gather that it's a very highly competitive business.

Mr. Hudson: That's right.

Hon. W. Newman: And your margin of markup is not that great because it's so highly competitive.

Mr. Hudson: That's right.

Hon. W. Newman: Do you feel that the saving, because you're not getting a bigger markup, is being passed on to the consumer?

Mr. Hudson: There's no question that at this point in time, particularly in the Metropolitan Toronto area, the chain stores would be better off if they had never seen eggs for the last year or year and a half. But certainly they're selling their eggs based on what they pay us. If they had to pay us two cents more for eggs, for instance, I'm sure the price of eggs would go up two cents, if that's your question.

Hon. W. Newman: That's right.

Mr. Hudson: Yes.

Mr. Swart: I think my questions have mostly been asked, Mr. Chairman, but perhaps I can pose one last question.

Do you have any agreements, either verbal or otherwise, with the retailers whereby they may promote the eggs but there's a conditional payment by you, or is it all firm? In other words, if they market a certain number of eggs, will you give them a larger discount but on an after-the-fact basis? Do you have any of those kinds of arrangements?

Mr. Hudson: No.

Mr. Swart: Dominion intimated last night that with some suppliers—I don't mean suppliers of eggs—they do have those kinds of arrangements. You don't have any of those?

Mr. Hudson: No, we don't have any arrangement of that sort.

Mr. McKessock: Mr. Hudson, pertaining to this five per cent that the chain stores sometimes ask you to add on the rebate, this

strange procedure, whatever it is, definitely costs you more to administer, and it costs them more to administer. It's an administrative process that costs somebody money. If it wasn't done, your process would be a little cheaper, wouldn't it?

Mr. Hudson: Not really. In most cases it's a question of taking the weekly statement and deducting one per cent or two per cent, or three cents off the bottom—and it's all added up in dozens, anyway.

Mr. McKessock: But there's also writing them a cheque and sending it out.

Mr. Hudson: If you have to write a cheque and send it out. But in terms of the total amount of time, the input is very small; it's the type of thing that somebody does at 5:10. It's something that happens. We don't deal with that many people. We have maybe only three or four accounts that operate in this fashion, so you are talking about maybe half an hour or an hour a month at the most that they would spend because of this practice. How much time they spend, I don't know. [12:00]

Mr. S. Smith: Could I ask the committee whether it would agree that the counsel might ask Mr. Hudson to name the three or four accounts with which he deals by cheque rebate? I didn't realize there were three or four, and I doubt that you want to say it publicly, or do you wish to mention them publicly, Mr. Hudson?

Mr. Hudson: No, I don't want to mention them publicly, no.

Mr. S. Smith: Can we ask counsel to take that information from Mr. Hudson? Mr. Chairman, is it the wish of the committee?

Mr. Chairman: Is it the wish of the committee that Mr. Hudson meet with our counsel? Agreed? It's a decision of Mr. Hudson also, I guess. Mr. Hudson?

Mr. Hudson: I will simply give you the names of the people that do ask—mind you, in fact, we have one company that in two different divisions does it a different way. One division takes it off the statement and the other division takes it as a cheque rebate, because they have divisions in different provinces, different areas. Certainly I would give you that information.

Mr. J. A. Taylor: I think we should receive all the information we can get, but I was just wondering what Mr. Smith had in mind in terms of the need for this information.

Mr. Chairman: I think the members of the committee agreed that this information should

be provided by Mr. Hudson to our legal counsel, Mr. Taylor.

Mr. J. A. Taylor: Has the committee agreed to call Mr. Smith as a witness? It agreed to call Mr. Hudson. I was wondering are we going to deal with—

Mr. Chairman: We are running short of time here, so let's move on.

Mr. J. A. Taylor: Are you volunteering, Mr. Smith? Will you volunteer to come forward? You won't, eh? Copping out.

Mr. S. Smith: Mr. Chairman, I am being bludgeoned.

Mr. Chairman: Go ahead, Mr. McKessock.

Mr. McKessock: You were saying it only takes a little while to write these cheques, but as a farmer myself I know every month we seem to have more and more to do. Anything you can cut out is a help when we talk about interference from government and so many things we have to do, so I just wonder why they would do this.

The other thing is, in the last 10 years farmers and consumers have been saying there's too big a spread between what the farmer gets and what the consumer pays and the middle man is always blamed for this. Does this not put you in a bad light as the supplier when they add this five cents on to you? It means it takes it off the chain store and really puts that extra five cents on you. Which middle man is the problem here? This could put an extra five cents on you as the middle man.

Mr. Hudson: I don't understand how you mean it puts it on me.

Mr. McKessock: If you are supplying eggs to the chain store at 80 cents and they ask you to add another five cents and then rebate it back, actually you are charging them 85 cents for eggs.

Mr. Hudson: That's right.

Mr. McKessock: So for the consumer to look at that, they could say you, as the supplier, are the culprit here by putting eggs up five cents.

Mr. Hudson: If I was asked what I sold that individual chain at, I would say his net price is 80 cents.

Mr. McKessock: Right, but the thing is the consumer probably doesn't ask you. Would this be one reason why the chains would do this, to take this onus off them?

Mr. Hudson: No, I wouldn't think so. I think this is strictly in-house bookkeeping myself, in my own personal opinion, and it's used as I suggested earlier.

Mr. McKessock: Wouldn't it be that when the chains are asked how much they pay for their eggs from you, they would say 85 cents? They wouldn't say 80 cents plus a five cents add-on would they?

Mr. Hudson: I wouldn't know what they would say. You would have to ask the chain.

Mr. S. Smith: By way of supplementary, the other day my wife was actually shopping at a local supermarket and asked somebody about some practice with regard to milk and the man immediately pulled out an invoice and said: "Look, this is what we are paying for milk." I just wonder whether the invoice that they would have for eggs would be the higher-priced invoice, which could be waved in the face of various people to show how high their costs really are and the rebate, of course, isn't indicated on the invoice. It seems like a lot of trouble for public relations, but I just wonder if that's what they do.

Mr. Hudson: Once again you would have to ask the chain.

Mr. Chairman: Mr. Hudson, I would like to thank you very much for appearing on such short notice before the members of the committee, and Mr. Harris, thank you very much.

Our next witness is Barbara Shand from the Consumers' Association of Canada, Ontario division.

Mrs. Shand: Mr. Chairman, I was to have had counsel with me, but with the change in schedule unfortunately he cannot make it.

Mr. Chairman: I understand, Mrs. Shand. You've been very loyal by appearing right from the beginning. I'm sorry for the delay in having you before us.

Mrs. Shand: I have a submission and some further handouts, if you wish to have them.

Mr. Chairman: Very well, thank you.

Barbara J. Shand, sworn.

Mrs. Shand: The Consumers' Association of Canada (Ontario) welcomes your invitation to appear today and we thank you for this opportunity to express our concerns about the subject matter which you are investigating.

The Consumers' Association of Canada is a federally incorporated association with a membership of over 100,000 Canadians, approximately 37,000 of those members being resident in Ontario. While I am the spokesman today for the Ontario provincial association, I would like to point out that I have had consultation with our national association about this submission and that my remarks have the endorsement of our parent body. In effect, the following comments reflect

the thoughts of our members across the country.

Ours is a voluntary association which states four objects in its constitution:

1. To unite the strength of consumers to improve the standards of living in Canadian homes;

2. To study consumer problems and make recommendations for their solution;

3. To bring the views of consumers to the attention of government, trade and industry, and to provide a channel from these to the consumer;

4. To obtain and provide for consumers information and counsel on consumer goods and services and to conduct research and tests for the better accomplishment of the objects of the corporation. It is in support of that third objective, particularly, that I appear before you today.

When CAC was created in 1947, the primary concern of its members was their involvement in the food chain. While our membership has grown and our interests have broadened, I think I can honestly state that our main concern is still with food, its production, its processing, its purchase, its preparation and its consumption.

The main thrust of our activities during the past year has been directed towards the food chain. As a matter of fact, that has been our theme for the entire year. It seems appropriate that as our year draws to a close we should be present today to discuss a matter which was the subject of our attention in our magazine, *Canadian Consumer*, in its June 1977 issue.

As we complete our year of study you are beginning to examine a problem which was revealed in that issue of one year ago. I have for each of you here a copy of that issue of the magazine and I would draw to your attention the unsigned letter on page 40 which was reprinted with the permission of Dr. Bruce Mallen. Do you want me to wait until that's distributed or can I go ahead?

Mr. Chairman: Please go ahead.

Mrs. Shand: I have marked page 40 in each magazine. The charges which are laid out in that unsigned letter are serious and have been reiterated by other witnesses whom you have heard, but even more serious to me is the fact that the letter is unsigned. No one could have convinced me that I would present as evidence or even give credence to an unsigned letter one week ago, but in the light of the allegations and the notice of fear of reprisals that have been revealed, I believe that such a letter must be brought to your attention. It is only one more indica-

tion that something, somewhere is wrong. Like Mr. Hannam, I am more appalled by the fear of reprisals which have been brought to light than I am by anything else which I have heard. That old adage: "Where there's smoke, there's fire," keeps running through my mind.

There have been a great many inquiries into the food industry over the past 40 or so years and each time those inquiries have run amok on the basic lack of information existing on how extensive these types of practices are and what their effects are on producers, consumers, competition among processors, retailers, et cetera. In each case, authorities did not have the time, the money or the power to complete the inquiry and come to some realistic observations, conclusions and recommendations.

Clearly, with food prices rising at the rate of 16 per cent a year, and with popular concerns growing in regard to the practical meanings of corporate power, the Bryce report notwithstanding, the time has come for this basic research and analytical work to be done by a body which is independent, has a very definite mandate, powers as defined in the federal Inquiries Act, and sufficient resources to do the job.

As an appendix to this submission, I have supplied a partial list of the inquiries which have been made into food prices over the past 43 years. The fact that there is still unrest in the industry, mistrust by consumers and concern by government only strengthens the argument that the problems have not been solved. The Consumers' Association of Canada would ask such an inquiry to examine the following questions, completely, objectively and scientifically:

1. Are volume discounts only sufficient to reflect the lower costs of supplying large buyers? Or are they larger than that and at least partly the result of the excessive buying power of large retailers?

2. Are volume discounts, even those which are justified by lower distribution costs, routinely passed along to consumers?

3. Do volume discounts have a negative effect on the potential for new firms to enter the food processing and retail trade? For example, is it reasonable to expect new processors to have sufficient financial resources to pay discounts or for new retailers to have sufficient purchasing power to get discounts?

4. Do volume discounts restrict the variety of foods that are available on retail shelves?

5. Are joint advertising schemes employed mostly for high-margin junk foods and thus one of the main causes for the excessive advertising of these products?

6. What is the effect of the two per cent kickback on Ontario fruit and vegetable producers?

Many of these same questions were touched upon at the Agricultural and Food Marketing Forum held at the University of Manitoba in May 1977. The papers presented to that forum are reproduced in a document titled, Competition and Public Policy on Competition in the Canadian Food Industry, Occasional Series No. 7, Department of Agricultural Economics and Farm Management, University of Manitoba, Winnipeg. I have one copy of that with me. I don't have copies for you, but I would urge you all to read those papers, in particular those parts which are applicable to the terms of reference of this committee.

On page 34 of that document, in a paper by Mr. John Morris, the second sentence of paragraph two reads: "However, one area where present conduct must be questioned is at the processor/retailer interface. The market power exercised by some of the major retailers induces aberrations in the market mechanism. The whole syndrome of discounts, allowances, incentives, et cetera, needs to be reassessed as they relate to the effects on exchange efficiency at this phase of the distribution."

Past attempts to investigate the problems which you are examining have been in a slam-bang, we-need-answers atmosphere. There is a danger in this approach in that the issues are so very complicated that the cures may be more harmful to the consumer than the disease. We don't want to end up with rigid pricing rules whereby the higher distribution costs to some smaller contracts are not compensated for, we don't want resale price maintenance schemes, nor do we want to see inefficient processors or retailers protected at an eternal and growing cost to consumers. Rather, the remedies must be designed to treat specific, real problems that are identified through an extensive examination of the whole question.

[12:15]

There have been several references by committee members to the Combines Act during the past week. I don't feel this is an appropriate time or forum for me to present the position of CAC on that bill. I have with me, for later distribution, a copy of the August issue of Canadian Consumer and the entire centre section, from page 13 to page 44, is devoted to the background of this piece of legislation, our involvement with it and our explanation of it to consumers, who need to understand the bill and its implications. I offer it to you so that you will understand

how thoroughly we in CAC feel each subject must be researched and studied.

Reference has been made by our witnesses to corporate concentration. This of course was the subject of the Bryce commission report. Our association was particularly disappointed in that portion of the report which dealt with corporate disclosure. Early inquiries into food pricing would have been more effective, and you probably would not have had the same difficulties you are facing now, if the public and legislators had had access to clear, understandable, and standardized statements of the different costs and revenues associated with doing business in Ontario.

Current disclosure rules—which, incidentally, are virtually non-existent—mean that every time there is a flurry over food prices or fuel prices, the public has to take the word of the industries in question that everything is fine: “There are no ripoffs in this neck of the woods, ma’am.”

Legislated routine disclosure of corporate accounts, preferably by line of business, also acts as a check on abuses which might otherwise occur. Thus while we are not very happy with the disclosure practices of some marketing boards, the fact that there is some information available about the costs of producing such things as eggs or chickens means that members of the public are in a position to scrutinize, and perhaps prevent, unjustified price increases. This is by no means possible in the case of a loaf of bread in some large food chains.

Gentlemen, you have been allotted 20 hours in which to consider evidence about a subject that has been under scrutiny and periodic investigation for over 40 years. No matter how sincere your intentions, no matter how honest your approach, no matter how willing you retreat from party loyalties to examine this for the good of the whole, I do not believe that you can clear the muddy waters that have sat for so long.

Therefore, speaking for the Consumers' Association of Canada (Ontario) I recommend that this matter be given to an independent body for study and recommendations as outlined in the earlier part of this submission.

Thank you.

Mr. Chairman: Thank you very much, Mrs. Shand. The minister would like to ask you the first question.

Hon. W. Newman: Mrs. Shand, I would like to refer to page four of your brief, where you are quoting from a paper by John Morris, “However, one area where present

conduct must be questioned is at the processor/retailer interface,” and it goes on

On that quotation: do you not feel that the processor/retailer interface is more directly involved in the Combines Investigation Act which deals with price setting and trade practices? Don't you feel that is the legislation that would pertain to that particular quote?

Mrs. Shand: Yes, I agree with you, it does apply to the competition, Mr. Minister. But I brought it forward to stress here the unrest that is in consumers' minds today.

Hon. W. Newman: Sure. Mrs. Shand, a couple more questions. Have you ever received any direct information that supplier/retailer discounts, call them what you like, affect consumer prices?

Mrs. Shand: Never.

Hon. W. Newman: You don't have to answer this question, but—

Mrs. Shand: I'm sorry, Mr. Minister, I have discussed it with members of our association but I have never had any contact with retailers, suppliers, producers or anything else about it.

Hon. W. Newman: The only chain that has come forward said any discounts are passed on to the consumer. Are you in favour of any discounts that are passed on by a processor to one of the chain stores if it is passed on to the consumer? How do you react to that sort of a situation?

Mrs. Shand: I am willing, as a homemaker, to take any discount on my food purchases I can get.

I have to say, after listening to the questioning of the gentleman this morning, when you get to the difference between 80 and 84 cents on an invoice, I'm sure that four cents is added into the cost of eggs to me somewhere along the line, no matter how it goes through their books.

Hon. W. Newman: Then I would ask you another question, do you believe that prices at the wholesale and retail level should be regulated or should it be as it is now, an open and supposedly competitive market?

Mrs. Shand: Our association and I personally support as much free competition as possible.

Hon. W. Newman: A question regarding marketing boards. I know you have a vast knowledge of marketing boards. Are you in favour of marketing boards exercising their pricing powers to prevent downward pressures on producer prices, or do you feel that it should be a highly competitive situation within the producer section?

Mrs. Shand: It may take me a little while to answer that, but I will try.

Our association recognized the very unique position that farmers have in the marketplace because there are so many uncontrollable variables in producing their products. Therefore we accept the need for them to have very special marketing situations in which they can operate. It is the only way we can keep them operating—and we do support our farm community.

However, we do feel uncomfortable when it comes to supply management and to pricing. When it comes to marketing boards doing that, we urge there be some kind of public safeguards built in so there cannot be price increases to consumers that are inconceivable.

Mr. Eaton: I wanted to refer to page two where you say, "Like Mr. Hannam, I am more appalled by the fear of reprisals which have been brought to light . . ." I just wondered which ones you are referring to as having been brought to light here?

There was some suggestion by Mr. Hannam that there were people who were afraid of reprisals but he never showed us any instance. It was also suggested by the president of the fruit and vegetable growers that some people were afraid of it, but he hasn't presented any cases.

We just spoke with two people who deal directly with the chain stores and sell to them in the business world every day and they say they are not afraid of reprisals. They know it is business and if they can't meet the competition, they might lose business with that particular chain, but they haven't said they are afraid of reprisals. They both came forth on the stand here today.

Do you have any specific cases of people who have said to you they are afraid to present evidence because they will lose some business with the chain stores?

Mrs. Shand: Nothing specific. I have talked to Mr. Hannam about this but he has never given me any names.

It is the ongoing thing that upsets us. This thing keeps rearing its ugly head. If there are scare people out there who are trying to create problems for the supermarkets, then this thing should be cleared up so this type of charge is discontinued.

If the supermarkets are doing the wrong thing, this should be brought out and they should be charged with the offence. But this continual upheaval doesn't make for consumer confidence in the marketplace.

Mr. Eaton: In effect, this letter published in the Canadian Consumer refers to many of those things we keep hearing about, but it, too, doesn't specifically come down to any

cases. It refers to volume discounts; these gentlemen who were previously here said, "Yes, we give volume discounts if the volumes are big enough, if it makes good trade practice."

You are not against that, I don't think, are you?

Mrs. Shand: I am not against competition and good trade practices. There has to be a free market system going, otherwise we are going to be in trouble, I think. That is a personal opinion.

Mr. Eaton: Absolutely. And yet further on in your statement here you indicate that you wanted something a little tighter than the doing of business by the chain stores. I thought I had marked it but I hadn't.

There was one other thing here. You ask, "What is the effect of the two per cent kickback on the Ontario fruit and vegetable producers?" What two per cent kickback are you referring to?

Mrs. Shand: I wrote this with some help from my comrades in the association after that had been discussed in the House and the talk that was generally in the paper. These were the types of questions we felt a forum should be examining.

I don't have answers to these questions. I feel that the forum would have to—

Mr. Eaton: You are simply assuming then that there is a two per cent kickback in all the Ontario fruit and vegetables and we should look into what the effect of it is?

Mrs. Shand: Not in all of them. I probably should have reworded it; on the ones that have been written up in the press, that type of thing. This is the kind of information that we have been getting through the press. We don't get it anywhere else.

Mr. Eaton: But the press hasn't given us any solid examples. Once again, it has suggested examples.

Mrs. Shand: No, they haven't. It is all up in the air.

Mr. Eaton: This is what we are trying to get at. This is what we expect from some of the witnesses who are coming here before us—to get examples.

Mrs. Shand: I wish I had it one way or the other for you; I don't. I just happen to feel that I am the one in the middle who is being squeezed on this thing.

Mr. Eaton: You are in the middle being squeezed?

Mrs. Shand: Well, somewhere.

Mr. Eaton: I have no more questions, Mr. Chairman.

Mr. Chairman: Thank you very much, Mr. Eaton.

We are running out of time here. We have two other people besides yourself, Mr. Smith, so if you could make it as quick as possible.

Mr. S. Smith: Thank you very much for that information, Mr. Chairman.

I take it your opposition, Mrs. Shand, is not against free competition but rather your fear is that the retailers may in fact be using their powerful retailing power and their control of the market to actually lessen, in the longer run, competition by these practices; is that correct?

Mrs. Shand: That is one thing. The other thing is that if letters like the one which we published in our magazine are the work of crackpots or cranks or something, then I think that should be brought out and clarified.

Mr. S. Smith: Referring to that letter, which Mr. Eaton referred to: Mr. Eaton suggested there was nothing wrong with selling for volume discounts because of the benefits of selling in volume and, of course, no one disagrees with that. But is it not a fact that the letter says, towards the bottom of the page, and I quote: "The volume rebate at the end of the year does not reflect any savings that could ever be passed on to the consumer?"

I just draw to your attention all of the letter, since there isn't much time, but basically, the notion is that nobody objects to volume discounts that are genuinely related to the benefits of doing business in volume. What one objects to is a so-called volume discount more related to control of the market.

Mrs. Shand: That is right.

Mr. S. Smith: I see. I notice that you are a member of the Ontario Food Council. You are undoubtedly aware, are you not, that one of the roles of the Ontario Food Council is "to take responsibility for trade practices, the elimination of detrimental and encouragement of desirable trade practices in this province"? Yet you have suggested that the inquiry, or whatever investigation that is done, ought to be done on a federal level. Do you feel that your experience with the food council has been such that that forum has not been a good one for regulating these practices and looking into it? Can you tell us something of your experience?

Mrs. Shand: I have been a member of the Ontario Food Council since last September. We have had exactly two meetings since that time, both of which I attended. At neither

meeting was this discussed. The past minutes of the council were available to me for examination. I have not taken the opportunity to examine them.

When this was first discussed in the House I called the chairman of the food council. Of course by that time everything was moving along so quickly it was impossible for me to talk to him about it. Since that time, when I knew I was coming in this capacity, I have refused to try to gain quick knowledge on what had happened in the past.

Mr. S. Smith: I see. So basically then you really cannot comment on whether the council is or is not a useful body for this type of regulation. But you would agree that the province might have some interest in inquiring into whether or not the council has been and can be an effective regulatory force or perhaps needs beefing up or needs something substituted or added onto it?

Mrs. Shand: I would have no objection to the committee examining that type of thing. I have no knowledge of it and no reason to feel that anybody would object to it.

Mr. S. Smith: In other words, it is a legitimate role for the province basically.

Mrs. Shand: You said I was suggesting a federal committee. I would entirely endorse a provincial commission of some sort to examine this; whoever has the power, the time and the money to do it.

Mr. S. Smith: I will try to be brief. On the matter of the letter itself, Mr. Mallen says on page 39 that the letter he has is from someone who is very knowledgeable and very involved in the manufacturing and processing side of the Canadian food industry, "a man who will have to remain anonymous but who is very well known and can speak for the industry."

You have no reason not to believe that comment by Dr. Mallen?

Mrs. Shand: None whatsoever.

[12:30]

Mr. S. Smith: Without asking you to divulge the name, since obviously the writer wishes to remain anonymous, do you know who wrote this letter?

Mrs. Shand: I have absolutely no idea. I don't sit on our publications committee so I would have no way of knowing.

Mr. S. Smith: Do you know Dr. Mallen or of him?

Mrs. Shand: I know of him, yes, and I've read his report.

Mr. S. Smith: Then you have no reason to doubt his word on these matters?

Mrs. Shand: I have no reason whatsoever.

Mr. S. Smith: I see. Has the association looked at the relevant United States legislation with regard to problems of this kind? Do you have any comment about that? Would you recommend such legislation if you have looked at it?

Mrs. Shand: I have not, personally. There could be some people; we're scattered across the country and there could be some of our members who would have knowledge of it. I don't have any knowledge of it. The corporate disclosure, yes, we would support that. I have a very slight knowledge of that, enough to feel that it would be a good thing if our corporations were required to have the same kind of disclosure.

Mr. S. Smith: Of course, if the organization hasn't looked in detail at these matters, I needn't trouble you with that any further.

In view of the time, I'll restrict my questioning then to what I've already asked. Thank you very much for your answers.

Mr. MacDonald: Mrs. Shand, in the article which you had published in the Canadian Consumer, there are just two points that I want to draw your attention to:

"As you no doubt are well aware, it is not uncommon for a chain store to demand \$6,000 to \$10,000 to even list a new product."

In the next column: "No firm objects to co-operative advertising, as it is one way of advertising their merchandise. But they do object to the fact that the price they have to pay for that advertising is several times what it actually costs the retailer to buy that advertising."

I don't know whether you were here last night.

Mrs. Shand: Yes, I was.

Mr. MacDonald: You will recall that Dominion Stores testified that in both instances this is not the case, that they do not have a listing fee and, secondly, that they do not get more revenue from the collective ad than they have to pay for it. In other words, they're not profiting on their ad themselves.

Mr. S. Smith: On a point of order; they never did say that. What they did say is, "We're not in the business of selling advertising." And then they said, "We don't just sell advertising without the rest of the package," and then they said they couldn't recall what the difference would be between the package with the advertising and without the advertising and how that would relate. They never did admit, on claim, that they didn't charge more.

Mr. MacDonald: In view of the fact that, at least on the listing price issue and perhaps on the co-operative advertising issue, we have had sharply conflicting evidence, would you, or could you, approach Dr. Mallen to find out whether the author of this article would be willing to speak with our counsel on the arrangement that was made last night on a totally confidential basis?

Mrs. Shand: I would be willing to contact our staff in our national office who would have been in touch with Dr. Mallen and have them ask him. It wouldn't be for me to say whether he would do it or not, but I'm quite sure that I can have someone contact him and see if he would do it.

Mr. MacDonald: Perhaps our counsel could keep in touch with you in terms of finding out because this is an opportunity to get information from a person Dr. Mallen described as being thoroughly familiar with the food processing and retailing industry in this country. Since we've had sort of flat denials of these things, it would be interesting to get some other evidence.

The only other point that I wanted to raise now is that I'm interested in the way it's put in the bottom of column two in that ad because, as I understand it, to conform with the competition law, you've got to offer the same discount to everybody. A supplier has to offer to everybody the same discount. So if Dominion Stores comes along and says, "Look, I'm willing to buy 100 carloads of this," and they get a very significant volume discount, then that supplier has to offer the same sort of arrangement to others. That becomes a vicious circle that is referred to in the letter. Am I correct?

Mrs. Shand: I'm not too sure whether that restriction applies at the retail and the wholesale level or not. What we're talking about is almost price maintenance, isn't it, in a way? No, it isn't. No, I'm sorry. It's a marketing tool to reduce the cost to the chain, isn't it?

Mr. MacDonald: Well, it's a marketing tool to add to the revenues of the chain, and the quote from the Bryce commission study that I put on the record two or three times is that rebates and discounts are one of the major sources of revenue and profits of the supermarkets; and you suggested that it's not all passed on to the consumer; at least, you're not persuaded that it's all passed on to the consumer. So you have a situation in which if one chain gets it, the other chain—if the competition law has been lived up to—is entitled to it. You get into a vicious circle in which we have a mechanism whereby the revenues and profits of the supermarkets are

maximized without any assurance that even a share of that is going to be passed on to the consumer.

Mrs. Shand: Our association believes that the consumer should be allowed options in the marketplace and the opportunity to purchase food at a fair price while providing a fair return to the supplier all the way down the line, right back to the producer.

I can think of all sorts of ways in which volume discounts could be good or bad for the consumer and good or bad for the super-market. It's a little case of semantics. At one time, is it increasing their revenue or is it reducing their costs of operation? I don't feel that I'm the one that's qualified to make the judgement on that, sir.

Mr. MacDonald: I'll leave it there, Mr. Chairman, if Mrs. Shand will establish the connection between that possible witness and our counsel.

Mrs. Shand: I'll do what I can for you, sir.

Mr. Chairman: Thank you, Mr. MacDonald. Thank you very much, Mrs. Shand, for appearing before the committee this morning.

Mr. Eaton: Will she be back?

Mr. Chairman: We've run out of time. We've gone 10 minutes past our allotted time this morning.

Mr. Eaton: Will she be back before the committee?

Mr. Chairman: If the committee wants Mrs. Shand back, we're pressed for time. Tomorrow evening we have Mr. Nichol from Lob-laws to appear before the committee.

Mrs. Shand: We have some magazines here if the committee would like to have them.

Mr. Chairman: Fine.

The committee adjourned at 12:37 p.m.

SPEAKERS IN THIS ISSUE

Deans, I. (Wentworth NDP)

Eaton, R. G. (Middlesex PC)

Havrot, E.; Chairman (Timiskaming PC)

Hennessey, M. (Fort William PC)

MacDonald, D. C. (York South NDP)

McKessock, R. (Grey L)

Miller, G. I. (Haldimand-Norfolk L)

Newman, Hon. W.; Minister of Agriculture and Food (Durham-York PC)

Riddell, J. K. (Huron-Middlesex L)

Smith, S.; Leader of the Opposition (Hamilton West L)

Swart, M. (Welland-Thorold NDP)

Taylor, J. A. (Prince Edward-Lennox PC)

Turner, J. (Peterborough PC)

Wildman, B. (Algoma NDP)

Yakabuski, P. J. (Renfrew South PC)

Witnesses:

Hudson, J. H., Burnbrae Farms Limited, Brockville; Director, Ontario Egg Producers' Marketing Board

Johnstone, J. W., Chairman, Ontario Egg Producers' Marketing Board

Pawlowski, J. J., President, Ontario Food Processors Association Incorporated

Shand, B. J., President, Consumers' Association of Canada (Ontario)

Assisting the committee:

Poole, W. R., Counsel for the Committee



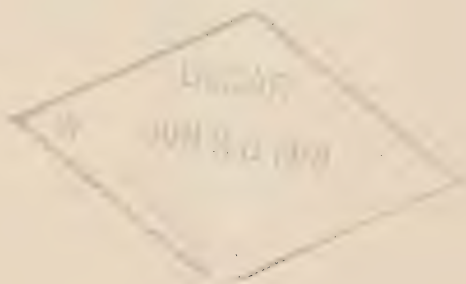
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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

Resources Development Committee

Ministry of Agriculture and Food Annual Report, 1976-77



Second Session, 31st Parliament

Thursday, June 1, 1978

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, JUNE 1, 1978

The committee met at 8:12 p.m.

MINISTRY OF AGRICULTURE AND FOOD ANNUAL REPORT, 1976-77

(continued)

Mr. Chairman: Members of the committee, ladies and gentlemen, we now have a quorum. There seems to be some confusion up in the House, but without further delay, I think we will call on our first witness for cross-examination. We will call on Mr. D. Nichol, president of Loblaws.

Mr. Poole: Mr. Chairman, Mr. Nichol is here now with his counsel.

Mr. Chairman: So we have before us then Mr. Nichol, president of Loblaws, and Mr. Lunau, and Mr. Frank Roberts, counsel.

Before we call on Mr. Nichol, I would just like to remind the members of the committee that there's a bell ringing up in the House with regard to the statement that was released by the Premier (Mr. Davis) following this afternoon's private member's bill, and we may be called back up into the House during this inquiry, but we will proceed with the inquiry anyhow. Mr. Nichol, do you have an opening statement?

Mr. Nichol: Yes, I do sir.

Mr. Chairman: Would you come up here to be sworn in.

Mr. David A. Nichol, sworn.

Mr. Chairman: Could we have Mr. Lunau too. Will you be making any comments, Mr. Roberts?

Mr. Roberts: I hope not, Mr. Chairman.

Mrs. Campbell: Not as a witness?

Mr. Roberts: Certainly not as a witness, sir.

Mr. Douglas N. Lunau, sworn.

Mr. Chairman: Do you have copies of the statement, Mr. Nichol?

Mr. Nichol: Yes, we do, Mr. Chairman.

[8:15]

Mr. Chairman: Thank you very much, please go ahead Mr. Nichol.

Mr. Nichol: Mr. Chairman, Mr. Minister, members of the committee. During recent weeks, our Ontario Legislature has devoted considerable time to dealing with accusations

and innuendoes concerning supermarket buying practices and particularly discounts and allowances offered by manufacturers to supermarkets. At Loblaws, we have watched your deliberations with considerable interest and attention. However, we have become increasingly concerned about the absence of cold facts and the abundance of innuendo in these discussions.

In light of this environment of innuendo, Loblaws was pleased to receive your committee's invitation to appear before it. We are pleased because we feel confident that your hearings will change the focus of these discussions from innuendoes to fact. I welcome your invitation to appear and I will do my best to help your committee to determine the facts. Before answering your questions, however, I will, if you will allow me, like to comment on a few of the innuendoes raised during the past few weeks.

Firstly, I would like to deal with the innuendo that supermarkets are ripping off the consumer, supposedly through excessive profits. No segment of our economy has undergone closer scrutiny of its profits during the past 20 years than the retail food industry. In fact, on a federal level, the joint House and committee review of the food industry seems to take place every six to seven years. I think that one can trace this pattern back to 1939. The latest of these inquiries occurred in 1973 and was concerned with the causative factors behind rising food prices.

I prepared and presented Loblaws' brief to the House of Commons special committee on trends in food prices in Ottawa during June of 1973. The Food Prices Review Board which arose out of the 1973 inquiry was chaired by Beryl Plumptre. That board studied our industry's financial statements exhaustively and issued two reports that reached the following conclusion in 1976, and I quote: "Food distributors' average profit rate was not excessive relative to risks involved and the rate of return on other financial securities such as corporate and government bonds."

Now, two important facts about recent supermarket profit trends: First, food industry financial analysts will tell you that since 1976 when the Food Prices Review

Board found food distribution profits to be barely adequate, overall industry profit rates have gone down significantly. Second, food industry financial analysts will tell you that because of the continued price competition in Ontario, the rate of return on sales for a food chain in Ontario is less than half what it is in the other areas in Canada. As a result, food chains are not attaining an adequate return for their shareholders' investment in Ontario.

As the president of a major Ontario food chain, I'm not proud of that fact, but it is a fact. Critics of Ontario supermarkets would have us believe that because of excess supermarket profits the Ontario consumer is paying too much for food. This is ludicrous when observed in the light of the facts. The facts are that overall food prices in Ontario are lower than in any other province in Canada. Now, concerning supermarket profits: if all retail profits were eliminated, the Ontario consumer's food bill would be lowered by only 25 cents to 40 cents on a \$50 order.

Don Tigert, food industry analyst from Burns Fry Limited in Toronto is probably the most knowledgeable individual concerning supermarket profitability in Canada and how it compares internationally. In a speech he made this week in Halifax he said: "As a financial analyst, my main interest is in analysing the profitability of the industry and the competitive position of the different companies. In this regard, I have often been frustrated and deeply disappointed since 1970 at the inability of the retail food industry to consistently earn an acceptable return on invested capital."

He continued: "As a representative of the Canadian investment community, I would like to see a little higher profit level in the food distribution business which can be easily justified by comparisons of efficiency, between the industry in Canada and the United States." He continued: "Sales productivity in Canada is 25 per cent higher than is the case with the 10 largest US food chains. The higher productivity allows Canadian chains to sell food for about two per cent less than would be the case if productivity were at the lower level of the US chains. This is a very real saving for Canadian consumers, estimated at about \$140 million per annum."

Gentlemen, Mrs. Campbell, the possibility that excessive "ripoff" retail profits may exist in Ontario is nothing more than an illusion.

Let me deal now with a second innuendo: that discounts received by supermarkets from food producers are illegal or unethical or are unnecessarily adding to food prices in On-

tario. The first fact, to the best of my knowledge, is that no illegal discounts and allowances have been received by Loblaw's, period. Furthermore, if anybody on this committee or elsewhere has evidence of any questionable buying practices by Loblaw's, I want to know about it so that these practices can be eliminated. To this point, I have seen no such evidence. Any rebates Loblaw's receives are earned, are entirely legal and are proper and common arrangements in all facets of the Canadian business community.

Turning now to a second accusation that allowances offered to supermarkets add to the Ontario consumer's food bill, let us assume that by legislation you were to eliminate all discounts and allowances in Ontario, such legislation, if you were to enact it, would have the effect of driving food prices up, not down. That's up, not down. The House of Commons special committee on trends in food prices looked thoroughly into this question of discounts when I appeared before them in Ottawa.

At that time I made the following points: First, the unacceptable profit level of supermarkets proves that discounts are being passed on to the consumer. Second, to merely look at the per cent discount being offered is confusing. The only relevant figure at Loblaw's in determining which product will be bought is the net cost being offered by a manufacturer. By net net cost I mean the cost after all discounts have been deducted.

Over the past year, Loblaw's has installed a new computer system that gives us this net cost after all discounts on every item in our stores. This net net price is the base we use to set our consumer prices. Whenever my buyers tell me about a tremendous rebate being offered by a manufacturer, the question I ask is what is the net net cost and how does it compare with comparable items in that category?

Third, these discounts represent payment for services rendered by supermarkets to the manufacturer to increase the sale of his product. These services include increased volume purchases, building of store displays, special signage, advertising the product, special distribution of product to our stores and many other similar services.

These allowances provide suppliers an alternative element for their marketing mix. For some companies, particularly small suppliers, this represents their major marketing expenditure while others rely on large national advertising campaigns. With over 8,000 products competing for limited shelf space, these marketing services represent good value to producers.

If these services were taken away from the manufacturer, it is highly unlikely that manufacturers would automatically lower their prices to the supermarket. Instead, they'd probably increase national advertising expenses, and the supermarket would have to raise prices to cover this loss of vital revenue because our expenses would not go down if discounts and allowances were discontinued.

These conclusions are borne out by a special Food Prices Review Board report of February 1976 concerning supermarket advertising and discount practices. This report was the culmination of two years of study by an extensive research board that looked at the matter. I quote from the report: "The board collected data from food companies on outlays for national and local media, advertising, promotional and co-operative advertising allowances and volume rebates." The report, which took two years to complete, found it unnecessary to make any recommendations for changing current industry advertising or discount practices.

Let me turn now to several specific questions that your committee has voiced concerning Loblaw's earned rebate practices. Concerning produce rebates, I submit the following facts which, to the best of my knowledge, are true. In 1977 Loblaw's was approached by several produce packers and shippers who offered Loblaw's a sliding scale rebate to encourage increased volume purchases.

These packers-shippers said this volume rebate incentive had previously been offered to other supermarket chains. Therefore, we assumed they felt obligated to offer the same incentive program to Loblaw's. Subsequently, Loblaw's buyers, as part of their job of getting the lowest price for Loblaw's customers, asked other packers-shippers if they had similar incentive programs. Some packers-shippers included such an incentive in their marketing programs. Some did not.

No product was bought illegally below market board minimums. No volume incentive was deducted by Loblaw's from any invoice without the prior agreement or consent of the packer-shipper involved. Any volume incentive was mutually agreed upon by the packer-shipper and Loblaw's at the time of purchase.

No packer-shipper was told that Loblaw's would refuse to buy from him if he did not offer a volume incentive rebate. Loblaw's participated in no shipper-packer volume incentive program which contravened either the Provincial Farm Products Marketing Act or federal combines legislation.

Loblaw's stopped participating in the foregoing packer-shipper volume incentive programs for the following reasons:

1. We wish to co-operate with the Minister of Agriculture, the Ontario Food Council and the producers, growers, shippers and packers. The Ontario Food Council advised us that there were a number of concerns being voiced about volume incentives in Ontario's produce industry. We feel that the Ontario Food Council does an excellent job and we try in every way possible to assist and improve the dialogue between the Ontario produce industry and the retail food industry. We have assured the council of Loblaw's complete co-operation in this regard.

2. When the discount matter was brought to my attention, I reviewed the size of the earned discount from produce incentive programs and found there was only 0.08 per cent of all our produce sales in 1977. Therefore, the loss of the small amount of earned rebate could be eliminated without either making Loblaw's uncompetitive or requiring that we raise our produce prices to the Ontario consumer.

Turning now to another area, a great deal of concern has been voiced about the size of per cent discounts being offered to supermarkets, figures of from 10 to 15 per cent have been most commonly quoted. Earlier this week, the issue of a milk rebate in excess of 20 per cent was raised. I would like to provide some facts concerning the size of rebates in general and specifically deal with milk rebates.

Several nights ago your committee discussed milk rebates that reputedly are in the 20 per cent range. Your information is correct. Milk discounts are in this range. That is a fact. It is also a fact that after all milk rebates are taken into consideration, milk does not pay its way in our 134 Loblaw's stores. It does not cover the cost of distributing milk to the consumer.

At Loblaw's, it takes approximately 21 cents of every sales dollar to cover the cost of labour and other costs associated with running our stores. This 21 cents does not include corporate taxes we pay, dividends or the cost to build and maintain our stores and warehouses. After all rebates are taken into consideration, what does milk contribute to cover these costs? I looked up the answer today.

For example, a three-quart bag of two per cent milk—the highest volume milk item by far in Ontario—contributes 8.5 cents including all rebates per dollar of sale. Yet the cost of running our stores is 21 cents out of every dollar. Milk simply is not a profitable item for

supermarkets but we sell it at these levels because of the highly competitive market we have here in Ontario. Again, the consumer is the winner.

Milk is just another example of the principle that I noted earlier in these remarks. The size of the rebate is unimportant. The only relevant number is what the net net cost is after all discounts because this is the price that determines what the industry sells the product for.

You might ask why don't we get rid of all discounts and allowances and ask manufacturers to bill us on a net net basis. The answer is simply that I don't think manufacturers will agree to getting rid of rebates because these allowances ensure performance by retailers to earn these cost reductions. For example, for volume rebates, you have to buy specific volumes. For co-operative allowances, you have to incur the cost of special displays, put up special signs, agree to volume purchases and include the item in your ads.

I would now like to provide some facts on Foodwise as well as Intersave Buying and Merchandising Services. Foodwise is one of a number of food distribution buying groups that exist in Canada. These include the IGA buying group with member IGA wholesale companies; the Montreal buying group, which includes 30 member food distributors in Quebec; the United Buying Group in Calgary, with A & P, Woodwards, the co-ops and others as members; and the IWGA buying group, which includes a number of tobacco and confectionery distributors from across Canada.

The legality of buying groups has been reviewed on a number of occasions by the combines division of the federal government and they have been found to operate in compliance with the laws. These buying groups consolidate volumes of member companies to earn volume incentives from participating manufacturers. In addition, they provide member companies with essential services such as sourcing and supplying private label products. An important benefit of these buying groups is that they enable small independents and small chains to compete effectively with the purchasing power of large corporate chains.

Foodwise was formed in 1927. It includes the Loblaw group of companies plus two non-Loblaw members, Provigo, which supplies independent grocers in the province of Quebec, and Chernin, a small wholesale grocer from Glace Bay, Nova Scotia.

It is a manufacturer's prerogative whether or not he recognizes buying groups or not. A number of manufacturers do not recognize

buying groups whose members are not all part of the same corporate family. As a result, a number of manufacturers do not offer volume incentives to Foodwise.

[8:30]

Turning now to Intersave Buying and Merchandising Services. Prior to joining Loblaw Companies, I was employed by McKinsey and Company, the largest management consulting firm in the world and was there for three years. I spent the majority of my time with McKinsey doing a number of purchasing cost reduction studies for such clients as Gulf Oil and the H. J. Heinz Company. As a result of these studies, I realized that most large companies can perform their purchasing activities much more economically and, therefore, realize large savings.

Upon joining the Loblaw group of companies, I recognized that in the purchasing function of the various Loblaw companies, there was a lot of duplication and waste. I also recognized that no company could support essential services such as modern central quality control and product development laboratories.

As a result, Loblaw Companies commissioned McKinsey and Company to study these purchasing opportunities and quantify whether a central procurement, product development, and research group was economically viable. Their report confirms my initial hypothesis, and as a result, Intersave Buying and Merchandising Services was created as a division of Loblaw Companies, with a highly specialized staff of 77 people who have the following mandate:

To develop, design and negotiate the lowest price possible on all existing and new private labels. Intersave enabled Loblaws to be the first chain to introduce no-name products to Canada. These products have been so successful because they saved the Ontario consumer from 10 per cent to 40 per cent on a number of high-volume products;

To provide expertise in the procurement of products purchased outside of Canada;

To negotiate earned cost reduction programs with manufacturers who do not recognize Foodwise as a buying group;

To provide expertise in the selection, design and procurement of packaging and supplies;

To provide the highest-level quality control and product development research laboratory facilities. For example, no one Loblaw company, certainly not my company, by itself could justify the new quality control and product development laboratory on Yonge Street.

One of my concerns, shared by McKinsey and Company, was that Intersave could become another costly bureaucracy that would not be cost accountable or justifiable. For that reason I demanded that all savings generated by Intersave be collected by Intersave. In this manner, at the end of the year, we could look at the savings generated, compare them with the operating costs of Intersave, and see if there was real benefit being derived from Intersave.

On a quarterly basis, each company in the Loblaw group fully receives the savings its sales have generated, after proportionate operating costs have been deducted. I repeat, all savings are returned to member companies.

Intersave is a division of Loblaw Companies whose books are audited by Thorne Riddell, chartered accountants. Any innuendo that Intersave is a vehicle for hiding profits is simply not true.

The role of Intersave has been investigated thoroughly by the British Columbia select standing committee on agriculture. This government inquiry has been going on for over a year and has a larger research staff than the Food Prices Review Board—I believe it is over 50 people. Over the next few months the committee will issue 50 reports on all aspects of food distribution from the farm to the cash register.

In less than two weeks, this all-party standing committee will issue a major study concerning all aspects of manufacturer and retailer rebates and allowances. Kelly, Douglas, our sister company in British Columbia, has received notice that Intersave and its activities will be fully covered in this report.

There has been a great deal of concern in British Columbia with newspaper stories, similar to those here. Because of that, that committee has been asked to rush its report as quickly as possible, and I believe it will be issued a week from this coming Tuesday.

Finally, a great deal of interest has been shown recently concerning so-called listing allowances. In an effort to assist your committee I would like to provide the following facts concerning the listing of new products at Loblaws:

Loblaws is constantly besieged by requests for listing of new products. These requests, to be represented on our shelves, number in the thousands. However, we can only accommodate several hundred every year. These include both new products and existing products where changes have been made to packaging.

The research company A. C. Nielsen has pointed out that listing a new product is a very expensive process for a supermarket and

asserts that retailers have no idea how very expensive the following costs involved in listing a new product really are:

First, there is the cost of evaluating a new product for quality consumer acceptability and profitability. This involves large committee buying groups, and ties up many man-hours. In some cases it involves the cost of lab evaluation and consumer testing;

There is the cost of warehousing changes required for the new product—the cost of reslotting a warehouse is an enormously expensive situation;—the enormous cost of reshelving the shelf space of 134 Loblaw stores to accommodate the new product; the cost of promoting the new product to ensure adequate movement. Our new computer check-outs have amazed us by pointing out the number of items in our stores that only move one unit—that's one unit, not one case—per store per week. Having such items in our stores that have literally no movement is very costly to maintain, therefore, it is very important that we get a lot of movement from new produce.

There is the cost of delisting and disposing of excess stocks of the item we delist to make room for the new item. At Loblaws we follow a one in, one out rule. If we list an item, we feel we should delist an item. There is the cost of removing the 53 per cent of new products that fail. This horrendous figure is based on A. C. Nielsen's tracking of new products.

New products are disruptive and costly for a supermarket to handle. Who should bear these costs that are much larger than anyone realizes? Should it be the consumer through increased costs passed on through higher food prices? At Loblaws we say no. The cost should be borne as much as possible by the products that want us to incur these incremental costs. As a result, our buyers in their evaluation of new products are required to seek manufacturer's assistance in sharing the cost of introducing their new items.

Unfortunately we are not having any success. I ask my buyers how many suppliers have bought the 2,500 listing allowances offered in our co-op package that we freely purchase. This fee assures the manufacturer that everyone of our 134 Loblaws stores will order and stock the new item. The answer was none. None had paid that fee. Unfortunately we have not been able to sell the service to our suppliers.

What we have received is what every food distributor in Ontario receives, that is, introductory case allowances. Most manufacturers when they present a new product, offer the retailer a case allowance on the initial order.

The function of this allowance is to encourage the retailer to stock this item. This allowance helps defray all the costs I have just set out and allows the retailer to pass along savings that will encourage the consumer to test the new products.

One of the major observations of the Food Prices Review Board final report tells it like it is: Given the importance of food, the board was constantly amazed at the lack of knowledge in Canada concerning the food system and all its component parts. As the president of one of Ontario's major food chains I consider it an important part of my job to inform consumers, producers and government about how Loblaw's part of the food system—retail food distribution—works. Perhaps if I had done a better job of providing this information, we wouldn't be here tonight.

That concludes my remarks and at this time I would be pleased to attempt to answer any questions you might have about Loblaw's and its operations.

Mr. Chairman: Thank you very much, Mr. Nichol. Our first question will come from the minister.

Hon. W. Newman: Mr. Nichol, as you are no doubt aware from your statement, there is a lot of discussion regarding Intersave.

Mr. Nichol: Yes, sir.

Hon. W. Newman: There have been a number of witnesses and I assume you have read the accounts of what has gone on.

Mr. Nichol: Some of them sir, yes.

Hon. W. Newman: There was a witness, I believe at the last session, who indicated—didn't say specifically, but certainly the observation was there—that he was paid by Loblaw's but any rebate or discount that he was paying back was made to Intersave. This sounds like a very complicated process to us and certainly leaves a doubt in some people's mind as to exactly what happens here. Maybe you'd like to explain. The cheque goes from Loblaw's to the processor and he in turn may send a cheque back to Intersave. I don't quite understand that.

Mr. Nichol: Mr. Minister, in my opening remarks, I tried to set out the concern I had about Intersave when I set it up. That was, it's very easy to set up a bureaucracy whether it's in government or, particularly, in business—particularly in a business as competitive as ours—where it becomes a cost centre. I had seen this in several large companies I worked in, in terms of purchasing departments. I was determined that if we were going to invest in 77 people and our big new quality control lab on Yonge Street, which is perhaps the finest food lab in North

America—it certainly is the finest that any food chain has—it was going to pay for itself.

I made it very specific when I set up Foodwise, that part of the job was to negotiate cost reductions, show us how to be more efficient. I also told them, I wanted any cost reductions generated returned to them so they are clearly definable. That's so they could be offset against their cost and we can see whether Intersave is a paying proposition, because if it isn't, we don't have any need for Intersave.

I understand there is a great deal of discussion about eggs. The minister can correct me on the numbers because I can't remember them, but I believe that 86 cents was the price that was negotiated with the packer. Loblaw's paid 86 and one cent was sent to Intersave. What had happened was that 86 cents was the price that Loblaw's was paying for eggs. We changed suppliers and negotiated a lower price. One cent was saved. I want that one cent to go into Intersave so that I can hold Intersave accountable for the moneys that it has earned and I can hold it accountable against that for the moneys it cost me.

Hon. W. Newman: May I follow through with that? Let us take an example here of a dozen eggs that you negotiated at 84, 85 or 86 cents a dozen. It doesn't really matter. Do you negotiate that at Loblaw's or Intersave? I want to make that clear first. Where is that price negotiated?

Mr. Nichol: That particular price in most cases is negotiated at Intersave.

Hon. W. Newman: If it's negotiated at 85 cents at Intersave, Loblaw's is billed for 85 cents.

Mr. Nichol: In this particular case, I believe Loblaw's was billed at the price that it was paying, which was 86 cents. The new price was 85 cents and we asked to rebate the one cent into Intersave so that we would have an accounting of it. It could have been just as easily done to bill them at 85 cents for Loblaw's to pay Intersave a cent. Perhaps that would have been a simpler, a better and a less confusing way for everybody concerned. But that is not the way it was handled.

Hon. W. Newman: The processor wants 80 cents. That's really what he really wants in his pocket?

Mr. Nichol: Exactly.

Hon. W. Newman: When you negotiate an 86 cent price, one cent, as you say, goes back to Intersave. What happens to the other five cents? Is that just part of your cost?

Mr. Nichol: That one cent is held there. As I said in my introductory remarks, that

would be held strictly in the Loblaw account. Then, at the end of every quarter, Loblaw's proportion of the cost would be allocated against that and whatever sum is left over would be rebated to Loblaw's in full.

Hon. W. Newman: The other question I'd like to ask you is about introducing a new product. As you said in your statement, and I'm fully aware of that, there are many thousands of new products coming out that cost you money. If a person wants to introduce a new product on to your shelf, you're saying the \$2,500 shelf space or whatever you want to call it has not been accepted.

Mr. Nichol: No, it's not the case of being accepted; we can't get them to buy it.

Hon. W. Newman: Fair enough.

Mr. Nichol: I think it would be useful if I could take a few minutes very quickly, Mr. Chairman, if you'll allow me, to set out how these rebate moneys really arise in the food industry, because I don't think anybody has taken the time at least to attempt to describe this.

Typically what a manufacturer does at the beginning of the year, is that he sets down and determines what his sales goals are. Then he determines how he's going to go about getting those products from his factory through to the consumer. There are a number of ways he can do that. He can have a large national advertising campaign. Procter and Gamble, for instance, believes in that approach, to convince consumers that there really is a difference in Tide. Then they rush into Loblaw's and say, "We want Tide." We list Tide and then Tide is made available. They can send out samples of Tide across Canada, which is a common thing. They can send out coupons, which appears to be an increasingly common practice.

They can decide on that approach or they can do another thing. Essentially every manufacturer does, but there are a few in Canada which don't, of which Campbell Soup is one, set any money aside for co-operative promotional funds with the supermarket. If you own a factory, the supermarkets can give you enormous value in terms of moving your product. When we put a product into the top of one of our ads, depending upon the product, it could move tens of thousands of cases of that product in one week. In other words, it's been proven by the supermarket institute, that when you put a product on an end display, the movement of the product increases approximately eight times. When you put a sign on the shelf with a cost reduction to the consumer, it increases four times.

[8:45]

When we merely reduce the price on a product and advertise it, it moves an enormous amount. We can put signs in the store which advertise products, and you will see this in a number of our stores right now. So the manufacturer has to make a decision, in terms of his marketing dollars, how much he is going to allocate between the TV advertising, billboards, sampling, couponing and behind the co-operative working with the manufacturers. Most manufacturers set aside approximately two to three per cent of their total sales budget for working with chains.

These are usually published schemes, and if you would like, Mr. Chairman, I could make some of these available; I am sure Loblaw's could get some of these for you and show you just the form that they are offered to Loblaw's in. And then as a rule, we sit down and say: "Okay, we have got three per cent. Here are some of the ways that we can work with you," and I am sure that you have all seen Loblaw's co-op package that has been talked about a great deal recently.

We say: "Here are some of the things," and like the listing allowances, those are just guidelines and unfortunately we don't get them very often. For instance it says that we have \$25,000 for every top block. If you look at Loblaw's flyer for this week we have 35 top blocks at \$25,000 a block; that's \$875,000 we should have got from those top blocks. I went down this afternoon and I said: "Guys, tell me how much you really did," and we sorted, dug and prodded and we got the numbers out and it turned out to be \$40,000. The list says I should have \$875,000. I got \$40,000.

So really we offer these packages; but they are merely guidelines. Then what happens is we usually sit down with the manufacturers and say: "Now, the two per cent or the three per cent that you have set aside for Loblaw's," and they set aside the same essentially for all of our other competitors, "how are you going to spend it? Are you going to spend it in terms of deals, in terms of participating in these ads? Do you want shelf talkers; do you want new lines listed; what do you want?" Usually we sit down and we set volume objectives. We take the two per cent and we say: "Okay here is how we are going to earn it."

One of the things I found out when I became president of Loblaw's 18 months ago was that at Loblaw's there were a great many published co-op plans and blocks of money that had been set aside for Loblaw's, and Loblaw's wasn't performing for

them, and that it was commonly known in the industry that Loblaw's simply wasn't getting enough money. It wasn't getting the same amount of money as its other competitors were because the other competitors were doing a better job of earning those co-operative moneys. In the last 18 months I have tried to encourage my people to do a better job of earning those. I don't know whether we have closed the gap relative to our competitors because they don't make that data available, but I think that we have probably made progress.

Unfortunately, for the money that we have set aside for listing allowances—the \$2,500—we really haven't been able to convince many—I guess looking at the last 100 items—that that really is a good value; and they haven't bought it.

Hon. W. Newman: Has your company ever deducted allowances without prior agreement with your suppliers?

Mr. Nichol: In my statement I state categorically—and in particular relative to the produce rebates—that to the best of my knowledge, Mr. Minister, we have not.

Hon. W. Newman: Then I would follow through and say: Do you do business with any suppliers who do not offer you a discount of some sort or other?

Mr. Nichol: As I mentioned there are several suppliers, notably Campbell Soup who don't have any co-operative allowance rebates whatsoever. They feel that the name Campbell Soup is strong enough so that you have to carry it, so that you have to put it on your shelf, so that you have to dominate your soup category; and they feel that's all you need. Then they send out coupons in the mail and the people come running in: "There's a new shrimp bisque. Where is it?" All of a sudden my store managers are screaming: "Where's Campbell Soup's new shrimp bisque? We need it; we've got to have it, Dave." As a result they usually get their listings.

Mr. Roberts: It's not just Campbell Soup, Mr. Chairman.

Hon. W. Newman: Mr. Chairman, I'll try not to take too much time.

Loblaw's recently discontinued a two per cent cash discount after consultation with officials of my ministry. If you believe this is legitimate, I would ask you why did you discontinue this practice?

Mr. Nichol: I set out two reasons in my statement today. The first reason is that people from your ministry asked us if we would. They said that there was a great deal of concern about this particular practice.

They thought that it would be a good idea if we co-operated with the Ontario Food Council and discontinued this practice.

I can remember distinctly the period when that occurred and Mr. Pappas, my produce manager, came in and said: "What will we do?" I said: "How much money is involved Paul?" He said: "It is really not very much money at all." I said: "Are we going to have to increase prices, or is it going to make us uncompetitive?" and he said: "No." I said: "Have we worked with the ministry in the past to try to get better co-operation?" He said: "Yes." I said: "What do you recommend that we do?" He said: "I think we should discontinue that particular practice."

In retrospect, Mr. Minister, I think if I had known all of the problems that I was going to cause by saying, "Okay, we will co-operate with your ministry," I don't know whether I would have second thoughts or not.

Hon. W. Newman: Does your company have a policy which differentiates between Canadian or imported products? If so, what do you do about it? Do you have policies on certain Canadian products or on Ontario products?

Mr. Nichol: If Ontario products or Canadian products are available at the quality level that we are looking at and at competitive prices we always give preference to Ontario and Canadian products.

Hon. W. Newman: You haven't had any occasions where perhaps you have imported a product that is higher-priced than the Canadian product of similar quality?

Mr. Nichol: To the best of my knowledge, no. If indeed it were done I am sure it was done on a quality consideration; and particularly in the produce area, I think we could show you consumer data which would show our reputation for quality relative to produce. We cherish that dearly and we try wherever possible to promote the highest quality produce possible.

Hon. W. Newman: Just following through on that—you may not be able to answer this—was there a possibility—I think it was last summer—that you imported fresh produce from the US when you could buy the same quality produce in Ontario at a lesser price?

Mr. Nichol: To the best of my knowledge, Mr. Minister, we did not. If indeed that was a problem I would be glad to meet with you, the officials of the Ontario Food Council, and my produce buyers and I would be glad to instruct them in your presence that, indeed, wherever quality and price are comparable

Loblaws is always to give the order to Ontario or Canadian produce. I have done that before, and I would be willing to do it in your presence.

Hon. W. Newman: Thank you, Mr. Chairman, I would like maybe to come back later.

Mr. S. Smith: Mr. Nichol, you speak about the fact that there is not really an adequate return coming in on investment and so on and so forth.

Mr. Nichol: Yes.

Mr. S. Smith: We know that Dominion Stores is making 14 per cent, after taxes, as return on equity. Can you tell us—it is very difficult to know from your statement—what Loblaws' shareholders are getting as a return on equity from the operation, the investment in Ontario, after taxes?

Mr. Nichol: As you know, Loblaws Limited is a subsidiary of Loblaw Companies. Those statements are not publicly available. I would be glad to tell you what the figures are for Loblaw Companies, if those would be helpful.

Mr. S. Smith: No, those don't mean very much to me; they may to others, because of the integrated operation and the United States operation, et cetera.

Mr. Nichol: I would be glad to tell you, though, that both on a return on sales basis, I believe Dominion is working slightly under one per cent, and, I believe, on a return on total assets, an equity basis, that Loblaws Limited is achieving a lower return.

Mr. S. Smith: A lower return than 14 per cent after taxes?

Mr. Nichol: Yes.

Mr. S. Smith: But you are not in a position to tell us how much?

Mr. Nichol: On the advice of my counsel, if Mr. Poole thinks it is necessary or useful to have that information I certainly would make every effort to make it available.

Mr. S. Smith: Mr. Nichol, please understand that I am not snoop about this. It is just that you have made quite a big thing about the fact that you are not making much money, et cetera, and unless we know how much money you are making it is a little hard for us to judge that.

Mr. Nichol: I am not particularly impressed with 14 per cent on equity.

Mr. S. Smith: After taxes?

Mr. Nichol: I am not particularly impressed, in light of what you can get from government debentures today, what the prime rate is, what the risk is, what the rate of inflation is; I would say that the rate of return from

Dominion Stores is totally inadequate, and I would refer you to an article in this week's Financial Post, which talks about Dominion Stores and says: "There appears to be little Dominion can do about its rising cost of operation. Any attempt to cut prices brings it into a discounting war with its competitors. Moreover, Dominion is typical of the retail food industry in that it just doesn't have much room to move with its profit margins."

I think it is an accepted fact, and as I quoted in my introductory remarks, Mr. Tigert—who is the leading industry expert in Canada, if not in the United States—says that relative to the industry there simply isn't an adequate return. I would sit here all night and argue adamantly with anybody who would suggest that the food industry, relative to other industries, relative to the risk, is getting an adequate return.

Mr. S. Smith: I understood that to be your position. I just wondered if you would tell us how much Loblaws is making as a return on shareholders' equity in the Ontario operation, but you said you might give it to Mr. Poole at some point.

Mr. Nichol: If the committee felt it was necessary and Mr. Poole to request it I certainly would.

Mr. S. Smith: I would like to request it, Mr. Chairman. I don't know if other members of the committee would like to have that figure.

Mr. MacDonald: Just out of curiosity, one quick question: What do you deem to be an acceptable level?

Mr. Nichol: What do I deem to be an acceptable level? That is an interesting question.

Mr. MacDonald: Just a ballpark figure. Since you have said that 14 per cent is low, is 25 per cent, 30 per cent, 40 per cent appropriate?

Mr. Nichol: I am just looking quickly to see if I have anything on that. When Donald C. Morrison, who was the chief financial officer of the Canada Development Corporation, set the objectives for the Canada Development Corporation, I believe he stated that the objective of that organization was a 30 per cent return on equity. I would think that what was set for the Canada Development Corporation would be realistic. But I can tell you, for instance, right now Loblaw Companies, after tax, is earning 0.3 per cent on sales. Loblaw Companies, which does approximately \$2 billion in retail food business in Canada, achieves a five per cent return on total capital invested, and has

approximately a nine per cent return on total on equity.

Mr. S. Smith: I would like the information you offered, Mr. Nichol, if you wouldn't mind.

Mr. Nichol: Certainly, Mr. Smith, it would be my pleasure. I'm sorry, my counsel seems to have a different opinion.

Mr. S. Smith: I see.

Mr. Roberts: With respect, we have indicated that we would be happy to provide it to Mr. Poole, if that was the feeling and the wishes of this committee. We are certainly not going to provide it to any individual member of the committee. I hope that that, sir, is in—

Mr. Poole: It will be acceptable to Mr. Smith, I'm sure.

Mr. Roberts: Thank you very much.

Mr. S. Smith: Yes, obviously that is fine with me.

Mr. Roberts: Of course, on the basis of the ruling earlier, that would be confidential?

Mr. Nichol: Will this be confidential?

Mr. Poole: Yes. Mr. Roberts, I want it to be made perfectly clear that if I get it I can give it to Mr. Smith.

Mr. Roberts: On a confidential basis?

Mr. Nichol: On a confidential basis?

Mr. Roberts: Mr. Smith, is that acceptable?

Mr. Nichol: I can tell you before you see it, Mr. Smith, that I—

Mr. Roberts: I would like a public undertaking if there is any suggestion that there are some problems.

Mr. S. Smith: No, I will give no undertaking.

Mr. Roberts: That's fine, then.

Mr. S. Smith: Frankly, I am not even that interested. It is just that a very large portion of your statement is designed to create the impression that the food business is really pretty tough and not doing all that well. I would have thought you could back it up with return on equity, but if you don't want to, you don't have to.

Mr. Nichol: I think possibly if you asked them also the return on total capital employed which, particularly when you are comparing industries and companies, is I think a much better financial ratio than return on equity.

Mr. S. Smith: You may be right. Perhaps you would like to provide both of them for us.

Mr. Nichol: I'll give them for Loblaw Companies right now. It is 0.3 per cent.

Mr. S. Smith: No, I am not interested in the integrated figure. The United States operation is really of little interest.

Let's move on to page eight. This is very brief. At that point you say the produce packers and shippers offered Loblaw's a sliding scale rebate.

Mr. Nichol: Yes.

[9:00]

Mr. S. Smith: The sworn statement we have from Mr. Lindley, who has stood by his news release, was that Loblaw's has been deducting two per cent from the cheques it issues to pay growers, shippers and packers-shippers. You don't mention growers. Do I take it that you believe that no such deductions were made from cheques given to growers?

Mr. Nichol: To the best of my knowledge from what I have been able to determine, what is involved are packers and shippers. I have particularly been concerned that there certainly has been no contravention of any statute whatsoever. I've asked specifically about the Farm Products Marketing Act. I have been assured by all of my buyers that that has been contravened. I would think, if any growers were involved and were taking discounts, they would have contravened that act. I would assume that no growers are involved.

Mr. S. Smith: Not all products come under a minimum marketing board price. It's possible the growers might have taken a discount without contravening the act. Does Mr. Lunau know of any growers that might have?

Mr. Lunau: Not to my knowledge.

Mr. S. Smith: Not to your knowledge. That's fine. I won't pursue this.

On page 11 at the bottom, you go into the matter of milk as a product in your store.

Mr. Nichol: Yes, sir.

Mr. S. Smith: I'm not sure that I understand what you've written here or what you've said here. Perhaps you could help me understand that.

Mr. Nichol: It's very complex, I would agree with you.

Mr. S. Smith: Basically, what I would like to know is this: First of all, you talk about rebates in excess of 20 per cent and that reputedly are in the 20 per cent range. You say that's correct when I brought that information.

Mr. Nichol: Absolutely.

Mr. S. Smith: Can you be more accurate? Can you give us an average rebate for milk in Ontario?

Mr. Nichol: I believe it would vary between chains, but I would say the mid-20s would be the appropriate range.

Mr. S. Smith: When I heard 26, it's not out of line completely?

Mr. Nichol: I would think you're probably dealing with very—I would agree with the veracity of your information.

Mr. S. Smith: It's fairly accurate. You then go on to suggest and your statements are that even with such a rebate milk isn't a very profitable item for you.

Mr. Nichol: Yes.

Mr. S. Smith: In fact, it doesn't even cover its share of costs.

Mr. Nichol: Exactly.

Mr. S. Smith: Let me understand this. Are you saying that in order for you to cover your overhead, labour and all that your markup has to be 21 cents on the dollar? Is that what you're saying?

Mr. Nichol: That's right. Out of every sales dollar that we have when you look at all of our costs the cost structure of our particular chain is approximately 21 cents. An interesting comment from Don Tigert the other day, is that probably that's typical for Ontario and that's probably two per cent below the average of the chains in the United States, which I guess goes back to his basic concern.

I would agree with you that the 25 per cent is confusing. I looked into it. Do you want me to go on about the milk rate?

Mr. S. Smith: No. Not really.

Mr. Nichol: If I may, let me take a few minutes to talk about milk. If there were a rebate of 25 per cent and we're only making eight per cent, to me, that didn't make any sense.

Mr. S. Smith: If you can't mark up the product more, obviously because of competition, then you can't make a profit. I understand that.

Mr. Nichol: No, but if I'm giving a 25 per cent rebate—

Mr. S. Smith: So what?

Mr. Nichol: —why aren't I earning 25 per cent?

Mr. S. Smith: Because your competitors are getting it. I can appreciate that if what's happening is you can't mark up the 21 cents you need, even with the effective low buying price when you take the rebate into account, then you're losing money.

Mr. Nichol: The issue is 25 per cent off what price?

Mr. S. Smith: That's perfectly understandable.

Mr. Nichol: In Ontario, that price is the maximum price charged by dairies. That is the maximum wholesale. That's the price that a small restaurant gets that buys less than \$300 a month, gets deliveries every day and is an enormously costly account to service. I had those figures somewhere, but in Ontario today that maximum wholesale price on a three-quart bag of two per cent is \$1.75 and the retail price in our stores today is \$1.41. In other words, we're selling it significantly below the listed wholesale price that the discount is taken off. What that really means is that small restaurants are paying \$1.75 when they could walk down to Loblaw's and buy the milk for \$1.41.

Mr. S. Smith: It also might mean that small stores that don't have the benefit of such discounts are not long for this world.

Mr. Nichol: I think Mac's Milk and Beckers have probably been the growing phenomenon in this province in terms of market sharing.

Mr. S. Smith: That's a slightly different situation. They don't pay the maximum price for milk. Are you suggesting Mac's Milk and Beckers pay that maximum price for milk?

Mr. Nichol: No, I say that small stores are highly viable in Ontario. I apologize but I assumed that your supposition was that small stores were operating at a significant disadvantage.

Mr. S. Smith: Small stores that have to pay the maximum price for milk are in some trouble, I suspect.

Mr. Nichol: Yes.

Mr. S. Smith: All right. However, you say that basically you only make 8.5 cents and the cost is 21 cents and so milk is really a losing item for you.

Mr. Nichol: It's contributing but it's not carrying its weight, sir.

Mr. S. Smith: It's losing. If you are only making 8.5 cents and you have got to make 21, it's losing, isn't it?

Mr. Nichol: Yes, it's below what we need to operate.

Mr. S. Smith: I see, but you are forced into selling it at a loss because of the competition.

Mr. Nichol: This is a very competitive market.

Mr. S. Smith: I see. You wouldn't say milk is a loss leader, though, would you?

Mr. Nichol: No, it's not being sold below cost. There have been other items in this market, though, that have been sold below

cost for a protracted period of time. I believe the minister last year showed a great deal of concern about the egg situation, and that, indeed, has occurred.

Mr. S. Smith: Getting to Intersave now, the gentleman who was here talking, Mr. Hudson, said to us there are situations where the chain may say they want to take a discount and they are quite happy to have him raise the price provided they can take that same additional price back in discount in the form of a rebate to the chain or an affiliated company like Intersave. Have you ever heard of that?

Mr. Nichol: No sir, I never have. Again I will go through the example that I went through with the minister.

Mr. S. Smith: Okay, if you have never heard of it, that's fine.

Mr. Nichol: Let's say that we are buying a case of laundry detergent, a private label laundry detergent, and the cost of that case is presently \$10, and by changing the packaging, by giving them a higher volume, Intersave is able to reduce that cost to \$9 a case. Typically what is done is—and this is the way that I set it up, so if anybody is to blame it's me—what happens is Loblaw's pays the new supplier the price that it did pay and the dollar is rebated, the saving is rebated to Intersave, because we want to segregate the savings. We want to see whether Intersave is paying its way or not.

Mr. S. Smith: In point of fact what I am trying to find out is what Intersave really does do for the money. It's clear that Intersave negotiates the discount, or at least you attribute the discounts which you are able to get to some intervention by Intersave.

Mr. Nichol: They negotiate it. They develop and they design all my private label products.

Mr. S. Smith: I understand they have certain functions, which I want to get to in a moment. First, I want to find out where they get the money then I want to find out where they use the money. They get the money, I take it, from the rebates which suppliers give as a result of negotiation to try to get the best price possible.

Mr. Nichol: Yes sir.

Mr. S. Smith: You feel somehow, you keep suggesting somehow, that Intersave deserves a whole lot of credit for this and that you ought to be able to keep track of their record by means of rebate so that you know whether they are really making money or not. Their functions which you have suggested consist of packaging, experimentation and—

Mr. Nichol: They run the finest lab in North America.

Mr. S. Smith: —the terrific lab and so on. How did Mr. Hudson benefit from Intersave? Can you tell me, what did it do for him?

Mr. Nichol: Who is Mr. Hudson?

Mr. S. Smith: He delivers government-inspected graded eggs and ordinary egg cartons to Loblaw's. Now what did Intersave do for him that really required him to pay this money?

Mr. Nichol: The issue is, what did Intersave do for me, as the president of Loblaw's, because that's what I am interested in.

Mr. S. Smith: Other than get a rebate from Mr. Hudson, what did it do for you with regard to Mr. Hudson's eggs?

Mr. Nichol: That, to me, is very important.

Mr. S. Smith: Fine, agreed.

Mr. Nichol: That, to me, is very important because in an industry—

Mr. S. Smith: You want the rebate.

Mr. Nichol: —that is working on the profit margin that we are, the importance of reducing the cost of products has never been more important.

Mr. S. Smith: You don't have to convince me that it's a benefit to Loblaw's to get a rebate, believe me.

Mr. Roberts: Perhaps you would let Mr. Nichol finish his answer, sir.

Mr. S. Smith: But I'm simply—

Mr. Chairman: Go ahead, Mr. Smith.

Mr. S. Smith: I understand that a benefit that Intersave gets is negotiating a lower price, believe me I understand that, or negotiating a rebate, whichever way you want to do it. I see the benefit, really I do.

Mr. Nichol: Yes.

Mr. S. Smith: What I am trying to get at is that when you keep saying you want to keep track somehow of whether the costs of Intersave's operation and the benefits of Intersave's operation are somehow matching, there is presumably some function that Intersave performs, apart from merely negotiating discount.

Mr. Nichol: As I mentioned earlier, I come out of a management consultant background. One of the things we usually do—at least we did at McKinsey and Company—is to go around to people like the H. J. Heinz Company and go into their purchasing department and look at the opportunities for them to eliminate waste and be more effective, particularly to be more creative in terms of cost reduction. One of the things we did in every

one of those studies was to set up a scheme whereby the management of the H. J. Heinz Company could determine whether or not the objectives that were set for them had been achieved. Did they get the cost savings or not? If they didn't, they are just building costs into their business which are going to make them uncompetitive.

Mr. S. Smith: Maybe I had better make this very clear. It is perfectly obvious that Intersave is being credited with the rebates. We really do understand that. That is a benefit to your company; we understand that. It is also obvious that Intersave spends money on certain things, including a wonderful quality control lab and packaging innovations on your generic products and everything else. That is all very well.

Mr. Nichol: Yes.

Mr. S. Smith: What I am having difficulty doing—and I hope it is not my difficulty in understanding because of the lateness of the hour—is understanding what the one has to do with the other. I don't understand how it is that having a wonderful quality control lab has had anything to do with the fact that when Mr. Hudson was told to give you a cent or two per dozen rebate, he sent it to Intersave. How did the lab have anything to do with getting the rebate from Mr. Hudson? Did you invent in the lab methods of getting rebates? That is what I am trying to find out.

Mr. Nichol: The two don't necessarily have to be related.

Mr. S. Smith: Right.

Mr. Nichol: Part of the job, the mandate, that I have given Intersave is "I want you to get me the best possible price on all products in Ontario on behalf of Loblaw's customers so that we can have the lowest consumer prices in Ontario."

Mr. S. Smith: Excellent.

Mr. Nichol: That is what I am here for.

Mr. S. Smith: I am with you on that. I understand that. The money then goes to Intersave so that they can keep track of how much they have for you. Right?

Mr. Nichol: Yes.

Mr. S. Smith: Excellent. Then they take that money, or at least some of it, and spend it on something.

Mr. Nichol: They have 77 people.

Mr. S. Smith: That's right.

Mr. Nichol: You know what is involved there in terms of the lab.

Mr. S. Smith: I understand this.

Mr. Nichol: If we are going to buy Argentinian beef, some guy will go to—maybe I shouldn't have mentioned that—somebody has to go down to Argentina and see, because of the poor quality of their product compared to Canadian product, why we shouldn't be buying it.

Mr. S. Smith: I understand. Can we get to what Intersave spends its money on?

Mr. Nichol: Yes.

Mr. S. Smith: It spends its money on a lab. Is that the lab that is owned by your other company, Diversified Research?

Mr. Nichol: That's right, which is part of—

Mr. S. Smith: Is Intersave wholly owned by Loblaw's?

Mr. Nichol: Yes.

Mr. S. Smith: By what company exactly?

Mr. Nichol: Loblaw Companies.

Mr. S. Smith: It is wholly owned? Every share?

Mr. Nichol: It is a wholly owned division of Loblaw Companies.

Mr. S. Smith: Every share?

Mr. Nichol: Yes.

Mr. S. Smith: Is Diversified Research wholly owned by Loblaw Companies?

Mr. Nichol: Yes, it is.

Mr. S. Smith: Every share?

Mr. Nichol: Yes.

Mr. S. Smith: That's fine. Can you give us any idea, or is this also confidential, as to how much money Intersave makes in a year and how much it spends by transfer to Diversified Research and to other expenses?

Mr. Nichol: I don't have that information with me at this time.

Mr. S. Smith: That is something which, if you would give to Mr. Poole, he could keep confidential. It is simply something that I think somebody on the committee ought to have some idea about.

Mr. Nichol: Mr. Roberts, what do you think?

Mr. Roberts: Again, if it is going to be kept confidential and if that is the understanding by you—

Mr. S. Smith: Yes, in this instance it is.

Mr. Roberts: —and by all the other members of this committee, I think that that may be possible.

Mr. Nichol: On your advice, whatever you advise.

Mr. Roberts: What I would really like to do is have Mr. Poole put that to us and let

us consider it. If it is relevant to the deliberations of this committee, then perhaps we would entertain that, rather than make an answer now. That is one of the difficulties of not having these requests put beforehand.

Mr. Chairman: Is it the wish of the committee that the information that Mr. Smith has requested be put in the confidence of our counsel, Mr. Poole?

Mr. Roberts: Perhaps Mr. Nichol could once again reiterate what happens to any of the surplus moneys after the expenses are paid by Intersave.

[9:15]

Mr. Nichol: I tried to make it quite clear in my opening statement that at the end of every quarter, they take the money that has been accrued from Loblaw's purchases, they take a portion for expenses and they rebate to Loblaw's every cent that is over and above that allocation of expenses.

Mr. S. Smith: I see, and in what form?

Mr. Nichol: I imagine it is a cheque.

Mr. S. Smith: Just a direct cheque?

Mr. Nichol: I believe so, yes.

Mr. S. Smith: It is not declared as a dividend from one company to the other?

Mr. Nichol: I don't believe so, sir. No.

Mr. S. Smith: That's fine. Are you as surprised as I am at the allegation that people don't mind negotiating prices which they know to be higher than that given to a competitor, provided that the difference is made up in a rebate? Did that surprise you?

Mr. Nichol: Which particular—

Mr. S. Smith: The notion that if Steinbergs is paying 84 cents, the supplier will charge Loblaw's 86 cents and say, "I'll give you two cents back" doesn't strike you as—

Mr. Nichol: All I care about is the net cost. It's the only thing I look at.

I think that in most of these products that we sell, probably one of the disadvantages of all of the complex system of rebates that is offered by manufacturers to retailers is how many retailers really know how much profit they really make on every item. One of the things I did, was try to create a computer system which would give us that information; and it is just beginning to function now.

Mr. S. Smith: So this peculiarity which has been mystifying all of us—if you are interested in net net, why you would go to the business of letting the price go up and then rebating the difference—is basically a book-keeping thing with you?

Mr. Nichol: I think if it were the request of the committee, or if there were a request

by suppliers saying that they would like to just give Loblaw's the net net price and we will send the money to Intersave so that they can do it, I can arrange that tomorrow. If that is of great concern to the manufacturers, processors and growers in this province, I can arrange that tomorrow.

Mr. S. Smith: Very frankly, it is not; it is just mystifying to everybody else.

Mr. Nichol: It is; I can appreciate that. When you see situations as with milk where we get a 25 per cent discount of some mythical wholesale list, I can appreciate that Mr. Hannam and the members of this committee would be mystified.

Mr. S. Smith: I have another two areas I would like to question you in. Counsel is very angry at me. I haven't bludgeoned anybody.

Mr. Nichol: You don't deserve that. Don't worry about counsel.

Mr. S. Smith: I have been very nice to-night.

Mr. Roberts: You know better than I not to judge somebody's feelings by physiognomy alone, and I trust that you won't judge my physiognomy.

Mr. S. Smith: I have been away from my profession for a while.

Mr. Roberts: I read only love and goodwill on your face.

Mr. S. Smith: Of course, that's correct.

Let's talk about the fact that you are having trouble getting people to buy your \$2,500 listing allowance package.

Mr. Nichol: Yes.

Mr. S. Smith: That is very sad indeed. But I take it you are able to get by with some of these introductory case allowances, et cetera?

Mr. Nichol: Absolutely.

Mr. S. Smith: And you point out that when you take a chance with a new product there are expenses involved, and we can appreciate that.

Mr. Nichol: Yes.

Mr. S. Smith: I am told that some of these risks when you bring in a new product are really quite enormous, for a company like General Foods, or whatever—

Mr. Nichol: Tremendous.

Mr. S. Smith: —and also enough of a risk to you folks as well, I'm sure. Can we have some example, roughly speaking, of the kinds of introductory allowances which might be required to get a product properly displayed on your shelves, to be given a new trial? Take a product like Quench, for instance. Can you

give us a ballpark figure as to how much Quench might have paid in order to get listed with you?

Mr. Nichol: We can't give you that offhand.

Mr. S. Smith: I can appreciate you might not be able to. I heard a rumour—and I don't want to give credibility to this, you understand, because I cannot prove it.

The committee adjourned for a vote in the House.

On resumption:

Mr. Chairman: We'll call the meeting to order. I think Mr. Smith had the floor when we adjourned at 9:22. It is now 9:42.

Mr. S. Smith: Thank you very much, Mr. Chairman.

Mr. Chairman: One second. I'd just like to remind the members of the committee that each party has 35 minutes, and Mr. Smith, you've taken up 28 already.

Mr. S. Smith: Well, I've taken up a portion of the 28. The witness has managed to take up a few minutes of his own.

Mr. Nichol: I thought that was why I was here, sir.

Mr. Chairman: We have 150 minutes. Mr. Nichol took 25 minutes.

Mr. J. A. Taylor: And there was 18 minutes lost during the vote.

Mr. Chairman: So that brings it to 43 and leaves 107. That leaves us 35 minutes apiece.

Mr. Renwick: Could you advise, Mr. Chairman, if the Liberal time is up?

Mr. Chairman: No. They still have some time. Go ahead, Mr. Smith.

Mr. MacDonald: A point of order, Mr. Chairman.

Mr. Eaton: You've already been instructed.

Mr. MacDonald: I've got a point of order. My point of order is simply this. If we have equal time, that means that the Conservatives and the NDP have 35 minutes; that's 70 minutes. How are you going to fit 70 minutes into the next 45 minutes?

Mr. Chairman: The minister has already used 14 minutes. We're wasting time here. Go ahead.

Mr. Yakubski: Mr. Chairman, your arithmetic stinks.

Mr. Chairman: Thank you very much. Would you like to verify it for me? Or would you like to give me another figure?

Mrs. Campbell: Are we taking this time as the jury time?

Mr. Chairman: No. Please go ahead, Mr. Smith.

Mr. S. Smith: With regard to getting a new product listed on the shelves, I realize you might not know exactly how much Quench, for instance, paid to be listed with your store and to have the early promotions that are required for a new product. I heard a rumour that this was in the neighbourhood of \$350,000. Is that out of the ballpark?

Mr. Nichol: I really don't know about Quench. The only thing I know about Quench is that I believe there are 12 varieties that are involved in that; I understand it's an entirely new category which would mean a lot of disruption of the stores. I don't know what our buyers were able to negotiate with General Foods, but I would doubt very seriously whether it was anything like \$350,000. I would congratulate them if it was.

Mr. J. A. Taylor: Any other rumours?

Mr. S. Smith: The promotional advertising packages, and so on. Are your stores in Buffalo offering exactly the same advertising packages?

Mr. Nichol: I'm not aware of whether they are, sir. And I don't know what the relationship of these would be under Robinson-Patman. You know, I know there are co-operative allowances in the United States under Robinson-Patman, but I don't know how they compare with Canada. I've asked that question of several people, and I've never got a satisfactory answer either.

Mr. S. Smith: With regard to that particular piece of American legislation. You're not sure how your operation would have to change if such legislation existed in Canada? For instance, would you be permitted in fact to charge the same price for some of the co-operative advertising that you do, or would you have to provide receipts to show that you spent that many dollars on the actual ad itself?

Mr. Roberts: Surely that act, Mr. Chairman, speaks for itself.

Mr. Nichol: No, Frank, I'm interested in Robinson-Patman. For instance one of the interesting things about Robinson-Patman is that a lot of people have the impression that if it were introduced into Canada it would certainly protect the small manufacturer or the small-person manufacturer who wants to get into Loblaws, as opposed to a large one. But I've been acquainted with two studies that were done in the United States by Nabisco and by the Du Pont company, relative to products sold into the supermarkets. Those studies indicated that if cost-justification—which is the essence of Robinson-Patman—were applied, indeed we would find

that it would favour the large supplier as opposed to the small supplier.

Mr. S. Smith: It's conceivable. That's an interesting point. Could I ask you whether Intersave has any of its employees, or any of its expenses, outside of the Dominion of Canada?

Mr. Nichol: None whatsoever, sir.

[9:45]

Mr. S. Smith: I'm still, I must say, on that particular matter, very interested to find out how it is that you can be interested in whether or not your expenses are balancing your income from Intersave. At first you suggested that the things you spend money on at Intersave, would somehow or other be bringing in results in a sense of rebates and you would like to see whether these are balancing and that's the reason for you keeping it as a separate organization. But as we went along a little more we found out the rebates were keeping Intersave, in the sense that that's where the money came from, but the expenses were frequently on things quite irrelevant, and that being the case—

Mr. Nichol: They provide a number of services to us in addition to negotiating those prices. I believe—and I guess it's not possible to put government on a profit and loss—at least at Loblaw's, we would like, wherever possible, to have a profit and loss on every statement. I have demanded that of Intersave because I have seen too many companies developing large expensive departments that just become cost centres. They are not profit centres. In a market as competitive as Ontario, Loblaw's can't afford that sort of luxury.

Mr. S. Smith: No, believe me I understand that. What I am trying to say is, you have a lab, a really good lab. Whether you decide to pay for that lab out of rebates or out of revenues, or out of issuing bonds for it, or anything else, I really can't see that's anything other than an arbitrary decision.

I don't understand why it should be the rebates that necessarily pay for that lab, and whether it tells you anything, if in fact you have collected enough rebates to pay for the lab or you haven't, since the lab has nothing to do with generating the rebates.

Mr. Nichol: Let's say you are a private label manufacturer and you want to sell me dishwashing detergent. Okay? Let's say you come in and you want to give me \$2 a case better price than I have right now. The first thing we would do is take your dishwashing detergent and give it to our lab. They would test it against the national brands, against the private label brands that exist in my compe-

tion, and against our existing brand. Then they would go out and consumer test it and see if it was equivalent to the national brand.

That's because people come in and want to give me, "\$2 off a case, Dave" and "Boy, this dishwashing detergent is really fantastic. Then you find that it is watered down, it is garbage, and you aren't saving anything. You are only alienating your customers. In that particular case the \$2 that's saved, if indeed it's a real saving, and it's a comparable product, the lab has played a very crucial point in helping us save that money.

Mr. S. Smith: I have no doubt that testing your products is a very good idea and I'm delighted that you do test them. I am surprised that you feel this applies to things that are graded by the government, such as eggs and so on, but I take it you test your products before selling them and that costs you a certain amount of money. In some instances I would think that the product you test is something you can save money on. In others it might be something you pay more for because it's so good, but who knows. What I don't understand is the point of relating your rebates to your test lab and I doubt all your rebates are truly related to your test lab.

Mr. Nichol: Perhaps I'm confusing you, and believe me, Mr. Smith, it's not done intentionally.

In setting up Intersave there are a number of functions which are not measurable from a profit point of view. But all I ask of Intersave is, if you are going to provide these services for me, also produce the cost reductions that are going to pay for the entire thing.

Now if it would make the food producers of this province feel better—if they would feel more comfortable, if they would feel less confused—I am prepared to take a net per price from the manufacturers and have Loblaw's contribute to Intersave so I can measure what Intersave has done for me. That is what is done. If producers are concerned about it, I will make that edict tomorrow.

Mr. Chairman: Thank you, Mr. Nichol. Mr. Smith, I regret to advise you you have run out of time. You have gone over two minutes. Mr. Renwick please.

Mr. Renwick: Mr. Chairman, I have asked my colleagues to let me know when 15 minutes is over because I don't want to take up more than 15 minutes of the time, therefore I am not engaging in cross-examination or confrontation. I want some information if I can possibly get it. If I may be so bold as to say so, I agree with Mr. Nichol's view that he probably wouldn't be here if he had done a better job of providing the information as to

how his company in fact operates in the food market.

My first question, however, is addressed to the minister himself. Never have I heard him so lucid. Never have I seen him so well prepared with a series of questions. I'd like to know, from the minister, whether he had any advance information of the statement Loblaw's was going to produce to this assembly tonight and who prepared his list of questions?

Hon. W. Newman: Mr. Chairman, I'd be glad to answer that question. I had no knowledge of any statement that was going to be made by the Loblaw's company tonight at all, in any way, shape or form. As a matter of fact, if you were here the other night and had listened to the questions I asked the president of Dominion Stores, the questions were practically the same except for Intersave.

Those questions—let me finish, because you are implying something. Those questions were made up at my office. Myself and my executive assistant put these questions together and many of the questions were off the cuff. Many of the questions that were off the top of my head tonight were followup questions. I do know a little bit about the food industry, and I do not appreciate your inference tonight. In no way at any time did I ever see or have any idea what was in the statement.

Mr. Renwick: Mr. Minister, I was not making any inference at all, I was asking you a question. I understand you didn't have any consultation or advance notice either about the Dominion Stores statement or about the Loblaw's statement. Is that correct?

Hon. W. Newman: That is absolutely correct.

Mr. Renwick: You certainly must have had a close relationship between your ministry and the food industry to be able, so shrewdly, to follow along almost in sequence the questions that were raised by the Loblaw's statement tonight.

Hon. W. Newman: Mr. Chairman, may I say this, I have sat through this whole inquiry. I have been here since day one. I am quite aware of the questions that were asked by other people and other parties.

Mr. Renwick: Thank you, Mr. Chairman. My next question really isn't a question; I just express the wish that T. P. Loblaw had stuck with the Farmers Party and the co-operative movement and not got into private business and we would have done very well in the food industry in Ontario—

Mr. Nichol: We all make mistakes, sir.

Mr. Renwick: —by now, and I doubt if you would have had to have been here. Perhaps, Mr. Nichol, you would allow me to ask, in colloquial terms, in the Weston outfit, how far down the totem pole are you and where do you stand in the pecking order?

Mr. Nichol: Where do I stand in Loblaw's Limited, sir?

Mr. Renwick: No, in the whole Weston end of it.

Mr. Nichol: Are you talking about my position personally?

Mr. Renwick: Yes.

Mr. Roberts: Has that got anything to do with the subject matter of this committee, Mr. Chairman? Perhaps my colleague would advise us where he stands in the pecking order of the NDP in Canada.

Mr. Eaton: Pretty damn low.

Mr. Renwick: As a matter of fact, my colleague Mr. MacDonald said that the one thing that Kelso Roberts and his son obviously had in common was a low boiling point. The relevance of my question is—and it was somewhat facetious—should we invite someone else from the Weston empire in order to give us the kind of information which has not been given, which I think Mr. Smith legitimately requested, and that is, whatever the ratios you want to use, what is the return on the equity investment of Loblaw's over the last five years?

Mr. Nichol: I think that if Mr. Dick Currie, the president of Loblaw Companies, were here this evening, sir, because Loblaw's Limited financial statements are not publicly issued, I think he probably would have taken the same tack.

Mr. Renwick: I understand that. Is there anyone in your organization who would be prepared to disclose to this committee what that rate of return is?

Mr. Nichol: I would think that only he or Mr. Galen Weston would make that statement.

Mr. Renwick: Excuse me for moving quickly. If you want to refer any of my questions to counsel that's fine; I'm not worried about who answers them and so on. What rate of return do you believe Loblaw's would require to have to go out in the marketplace and raise say \$30 million?

Mr. Nichol: I don't know the answer to that question, sir.

Mr. Renwick: Does anybody?

Mr. Nichol: I think that probably we could supply the controller of Loblaw Com-

panies and he would give you an opinion on that.

Mr. Renwick: Have you ever asked your investment advisers?

Mr. Nichol: Really, as the president of Loblaws, I am an operating president, and the financial—

Mr. Renwick: All right, thank you. I understand. Perhaps, Mr. Roberts, you would be good enough to consult with counsel to the committee at the end of the hearings with respect to Dominion Stores; I asked a number of informational questions and Mr. Bolton agreed in substance they would provide certain information. Could we have the same questions answered by your company without taking up the time of the committee tonight?

Mr. Roberts: Yes, I'll certainly consult with the counsel to this committee.

Mr. Renwick: What we would like to have is sort of the comparable kinds of information so we can look at the two matters.

Mr. Nichol, throughout this there has been a sense of apprehension in the assembly that there is an aura of intimidation and fear in the relationships between major stores, such as yours, and their suppliers big and small. Could you help the committee about that aura of fear and intimidation and why people have sort of indicated they don't want to come forward?

Mr. Nichol: I am sorry that Don Tigert is not here tonight because I am sure he would confirm this for you. With the possible exception of the Detroit market right now and possibly Los Angeles, from a competitive point of view the Ontario market is probably the most competitive market in North America. The reason for that is that there are three very large chains with not vastly dissimilar market shares, Dominion being the largest, Loblaws being second and Miracle Mart being third. In our business, volume is so critical. Because of the weekly ads, the volume can change from week to week. That is why you have this constant series of price wars that appear to be constantly the subject of press comment.

When that happens, profits are squeezed to a very great extent. Where our buyers before have been perhaps less aggressive, at the present time I think it is fair to say we are probably putting more pressure on our buyers to get us the lowest cost possible so that there is no chance a competitor will have an advantage on us in terms of a lower price. I think that pressure is something that possibly the producers, suppliers, and manufacturers in this province are unused to. I would say that in a number of cases the

reason people aren't coming forward is possibly that they have violated a marketing board regulation. I am not aware of any such case.

Mr. Renwick: May I interrupt you because those are matters obviously of speculation on your part? What I guess I am trying to home in on is—and I'll ask a specific question—is there any reason you know of from the point of view of what Loblaws might do with respect to enforcement upon these people that would prevent them from coming forward? Are they free to come forward to this committee without any fear of any kind of reprisal on your part?

Mr. Nichol: Absolutely.

Mr. Renwick: Absolutely?

Mr. Nichol: Absolutely.

Mr. Renwick: Are you prepared to write to each of your suppliers, or the ones that come out of the questions to be exchanged between Mr. Roberts and counsel for the committee, if we request you to do so, to write to your suppliers and not only ask them but perhaps urge them to come forward so that we can get this matter clarified?

Mr. Nichol: I don't know whether it is necessary. I am sure the press will probably report it anyway but I certainly would say there is no chance of any economic reprisal against any supplier.

Mr. Renwick: I would like very much if you would do what you can to dispel the sense of any reprisal against any of your suppliers if they were to come forward to us.

Mr. Nichol: One of the comments I would like to make, Mr. Renwick, is the fact that while Mr. Hannam is so concerned, I believe he had four complaints from 23,000 members. I think Mr. Lindley admitted that he had one complaint. I don't mean to diminish the seriousness of the problem because there were only a few complaints. The one thing I find slightly strange is that Mr. Hannam did not come forward to me and say: "Mr. Nichol, certain of our members are concerned. There are pressures being put on them which we feel are unwarranted. I don't want to name any names, Mr. Nichol, but I would like to get together with you. I would like to talk about these practices and see whether you would do anything." Nobody, no manufacturer, and no person who is responsible for any group of producers has ever come forward and said: "Dave, we've got a problem and we've got to solve it."

Mr. Renwick: It is only the time constraint and not rudeness on my part that wants to cut this short so that I can go on.

On page nine of your statement, there is this interesting statement: "No packer-shipper was told that Loblaw's would refuse to buy from him if he did not offer a volume incentive rebate." Was it an unstated premise that unless you did get that volume incentive rebate you wouldn't buy? Did it need to be said?

[10:00]

Mr. Nichol: Let me be perfectly frank with you. The mandate I've given my buyers is to produce the lowest cost possible on the products that they buy. It may be that we buy from somebody who has a higher price because his warehouse is closer, his quality is better, his service is better, his reliability is better, but first and foremost, after quality, the thing that we consider is price. So, I think it's fair to say, the man who has got the lowest price is definitely going to be preferred at Loblaw's.

Mr. Renwick: All right. On page six of your statement, when you're dealing with the net net price you state: "This net net price is the base we use to set our consumer prices." Could you explain to me the process about when the consumer price is set, and whether or not at that point in time you do, in fact, know of all the discounts that are going to be taken into account?

Mr. Nichol: In most cases with suppliers their marking plans don't change drastically from year to year. Therefore we know typically what their discounts amount to. Because of that, whether it's a new product or whether it's a new year, we can tell pretty well what their allowances are going to amount to, and we can take that into account when setting the price for products.

Mr. Renwick: So they're really projections at the point at which you set the consumer prices.

Mr. Nichol: In most cases they are, sir.

Mr. Renwick: I take it, then—forgive me for being legal—that if I buy things in the Loblaw stores I'm buying your products, or am I buying products that you don't own?

Mr. Nichol: You're buying my products, sir.

Mr. Renwick: You say: "These discounts represent payment for services rendered by supermarkets to the manufacturer to increase the sale of his product."

Mr. Nichol: No, sir, you're buying Loblaw's products.

Mr. Renwick: You're buying Loblaw's products?

Mr. Nichol: Yes, sir.

Mr. Renwick: You're the owner of those products, at that point in time?

Mr. Nichol: Yes, sir.

Mr. Renwick: On page eight it says: "In 1977, Loblaw's was approached by several produce packers and shippers who offered Loblaw's a sliding-scale rebate to encourage increased volume purchases." May we have the names of those produce packers and shippers who made that offer?

Mr. Nichol: I would be prepared to have counsel contact those people, and if they would like their names divulged, we certainly will.

Mr. Renwick: And speak to our counsel about it? If you would.

Mr. Nichol: Yes, sir.

Mr. Renwick: All right. I noticed the fine hand of Mr. Roberts on the bottom of page eight and the top of page nine there. I wonder if perhaps there was a legal opinion given to you in connection with the legality of this?

Mr. Nichol: I had a lot of grief from the University of British Columbia, and I had a lot of grief from the Harvard Law School, and because of that I would say that Frank and I have had some very interesting discussions concerning not only Robinson-Patman but also the Combines Investigation Act in Canada.

Mr. Renwick: Have you had any recent legal opinions with respect to the discount practice to which you refer?

Mr. Nichol: Which one is that, sir?

Mr. Renwick: On pages eight and nine. Recent written legal opinions?

Mr. Nichol: No, we do not, sir.

Mr. Renwick: Can you tell me the names of all of the companies which are included in Foodwise? The missing items, as I understand, are the names of the Loblaw group. All of those names.

Mr. Nichol: I'll provide those to you, yes.

Mr. Renwick: Is there a legal or other reason why you should have these two small non-Loblaw members in Foodwise?

Mr. Nichol: I think it's a historical reason.

Mr. Renwick: Historical rather than legal?

Mr. Nichol: Yes. I think for many years they've been—

Mr. Renwick: Perhaps Mr. Roberts would confirm to counsel for our committee that it's not a legal reason, if that's possible?

Mr. Roberts: Is there ever any reason that would fit into those wide confines? Quite frankly, I'm not prepared to confirm it here, but I'll look into the question.

Mr. Renwick: I recognize that, but it sounds perhaps as though some cute lawyer decided it would be better not to have a totally Loblaw Group company, and you added a couple of others in there. I'm not suspicious by nature.

Mr. Roberts: I take it that I don't fit that description.

Mr. Renwick: On the Intersave question, is it possible for counsel to the committee—I am not talking about confidentiality, but just as a convenient method of transmittal—to have the financial statement of Intersave?

Mr. Nichol: Mr. Roberts, didn't we discuss that earlier? I think Mr. Smith requested that, did he not?

Mr. Roberts: I don't believe he did.

Mr. Nichol: I believe he did.

Mr. S. Smith: I agree that a statement of expenditures is a more complete way of putting that.

Mr. Nichol: As I remember the discussion. I believe Mr. Smith said that would be held in confidentiality by the counsel. I believe we agreed to it, did we not?

Mr. Renwick: I am not interested in the actual specific information in there, but if counsel is satisfied from his own work or by consulting whatever accountants he needs that they can assure us that the statement in the top paragraph at the top of page 17 is entirely accurate, I think that is about the guts of what I want.

Mr. Nichol: We would be willing to provide any information. I think we should show counsel whatever information he needs to feel comfortable that that is the absolute truth, I think you should do that, Mr. Roberts.

Mr. Roberts: On the information I have, I am prepared to accept the statement that Mr. Renwick has put to us and say to him yes, sir.

Mr. Renwick: When you say your various suppliers, packers and so on come to you and have certain forms and so on, you don't present them with any forms, or do you? Do you have any uniform purchase forms you require for suppliers, packers and manufacturers to use in making their submissions to you?

Mr. Nichol: I am informed we have a specific form we use for new product presentations so that all of the information, one product against another, is provided.

Mr. Renwick: But that is limited solely to new products. You don't have any standard set of forms for all the suppliers?

Mr. Nichol: To the best of my knowledge, no, but I do know about the one.

Mr. Renwick: Could you double check that to make certain there are not a lot of standard terms and conditions that you enforce against your suppliers and packers?

Mr. Nichol: I would be glad to do that.

Mr. Renwick: Perhaps Mr. Roberts would assure counsel that there are no such standard forms and conditions that are enforced by Loblaws or, if there are, would provide our counsel with whatever forms are in use in your business for the purposes of your purchases?

Mr. Roberts: I will certainly consult with counsel on that basis.

Mr. Renwick: I think those are the major questions. I am particularly interested that we have somewhat similar parallel information from Loblaws to that we tried to get from Dominion.

Mr. Nichol: I think you wanted the 50 largest suppliers.

Mr. Renwick: That's right.

Mr. Nichol: We would be glad to supply that to you.

Mr. Renwick: There are a series of final questions about that. Could I revert to one of the earlier matters that I asked? Without relying on the media to do it, so far as the names of your suppliers are concerned that you provide us with, assuming you are agreeable to doing that and prepared to do that, would you take the trouble to write to them and ask them if they would feel free to come forward to counsel to the committee and discuss this matter with us so that we can begin to remove what appears to be a major problem, which is the lack of knowledge about what is around, and to dispel the sense of fear and intimidation which has been created in our minds, rightly or wrongly?

Mr. Nichol: Yes, sir.

Mr. Chairman: Thank you very much, Mr. Renwick. You took up 21 minutes. That leaves 14 minutes. Is that correct, Mr. Yakabuski? Mr. Eaton, please.

Mr. Eaton: Mr. Nichol, I want to make reference to some statements you made and the kinds of inferences Mr. Smith made with regard to egg pricing. You indicated that, say you had been buying eggs at 85 cents a dozen, you really didn't care what the price charged to you was, it might be 89 cents, but that four cents difference would go to Intersave.

Mr. Nichol: No.

Mr. Eaton: I took from what you said that money only went to Intersave if you had been paying 85 cents, they priced it at 85 but got a two-cent rebate, is that right?

Mr. Nichol: That's correct. Again going back to the egg price; if we were paying 85 cents a dozen from that particular packer and we were able to negotiate a lower price, the differential between the old price and the new price is what goes into Intersave because that is the benefit they have earned for us and that has accrued to me.

Mr. Eaton: That is what they have gained for you. And you wouldn't accept the fact that they got a higher price for it and could only get a discount for—

Mr. Nichol: No. I never thought I would be here tonight defending that practice. But again I will make the offer to the—

Mr. Eaton: I am not asking you to defend the practice.

Mr. Nichol: —producers, the manufacturers, and the growers in this province: If they would feel more comfortable in Loblaw's changing their accounting procedures to take care of those, I would be prepared to issue that edict tomorrow.

Mr. Eaton: I wasn't particularly concerned about the practice. I just wanted that clarification because Mr. Smith made that inference that he could charge 89 cents or whatever, the difference would go to Intersave, and it was really a false profit.

Mr. S. Smith: Mr. Hudson said exactly that.

Mr. Eaton: No, what he said was that some companies didn't mind having that charged because in some cases they were distributing it to other stores—probably a similar case to Mr. McGuigan's with the apples through IGA, where it went out to some other store and six cents was involved there.

Mr. S. Smith: On a point of privilege: I would just like to correct the record. Hansard will show that Mr. Hudson said roughly these words, "Of course, I don't mind adding on to my invoice price and giving the rest back to rebate. I'll add on a dollar if they like, as long as I get it all back, and I'll give it all back in the form of a rebate. It doesn't matter to me," said he. That was what Mr. Hudson said.

Mr. Eaton: I think he said something similar to that, I am not questioning that. What I said was in the case of Intersave, they are not looking at it that way. Certainly some of the big stores were looking at it that way.

Mr. Nichol: I didn't really read the testimony. It seems to me, as reported in the

newspaper, he is saying what I am saying: The only thing I care about is the net net price.

Mr. Eaton: I want to ask you some questions that get right down to basics of the grower involvement in this.

Mr. Nichol: Yes, sir.

Mr. Eaton: The indication has been particularly that growers were afraid to testify because they would lose their opportunity to sell to your stores and so on. How many growers processing their own product would be selling directly to your stores?

Mr. Nichol: Mr. Eaton, I wish I could answer that question; I don't. I had originally planned to have Mr. Pappas here, who is in charge of our produce-buying, but unfortunately his brother died yesterday and so he is down in Ohio right now. I don't know, I suspect the answer, and I can only infer it.

Mr. Eaton: Can you give us an approximate answer?

Mr. Nichol: Yes. I would think we buy directly from very few growers. I think it is primarily from shippers, packers and probably co-operatives.

Mr. Eaton: Perhaps you would try to provide that information.

Mr. Nichol: I would be more than pleased to supply that information.

Mr. Eaton: At the same time, would you try to find out the figure of grower-packers who are not only selling their own produce to you but also handling produce for other growers and selling it on the same basis?

Mr. Nichol: Certainly.

Mr. Eaton: Just so we know what we are dealing with in these producers that may have been threatened, as some people would suggest.

In a situation where a grower would be selling direct to your stores, would he, in any way, be required to promote his product? Let us consider apples. Apples are apples on the market; different grades, different qualities, maybe, perhaps a few things like that. If he came and wanted to market apples through one of your stores, would he be required to share in the advertising costs in any way, before you would accept his apples in a particular store or would price be the—

Mr. Nichol: To the best of my knowledge, the answer is no.

Mr. Eaton: It would be price and quality that would determine whose you would buy?

Mr. Nichol: Yes.

Mr. Eaton: A further question. This past winter, the ministry has promoted our Foodland Ontario products. I understand your store co-operated, you had some advertisements in the store and so on. Did any producers or producer groups share in that in-store promotion with you in any way? Did you require that they do that?

Mr. Nichol: To the best of my knowledge, the answer is no. Again, I apologize that I don't have all the details about our produce operation but I can get you that information. I would be pleased to supply the committee with that information.

[10:15]

Mr. Eaton: I would appreciate it if you would. I have just one last little comment. There was quite a bit discussed here about your return on equity and so on; what is the value of the shares of your stores today?

Mr. Nichol: I know Loblaw Companies, when Galen Weston came over to straighten the thing out, the shares he bought—and I am a little bit embarrassed to say this—were in excess of \$7 and the present value of the stock is \$4.

Mr. Eaton: So you wouldn't say it was a good investment—

Mr. Nichol: The investment community is not exactly enthralled with our performance.

Mr. Eaton: I suppose that would reflect in your profits.

Mr. Nichol: The Weston shares are down from in excess of \$20, I think, to approximately \$12 to \$14.

Mr. Eaton: How many provinces do you operate in?

Mr. Nichol: Are we talking about Loblaw's Limited, my stores?

Mr. Eaton: Yes.

Mr. Nichol: I have 134 stores and they are all in Ontario. The farthest west I go is Sault Ste. Marie.

Mr. Eaton: Would Intersave do all the purchasing of your products for these stores?

Mr. Nichol: No. The majority of the products are bought by a buying staff which I have in addition.

Mr. Eaton: Do you designate the products that would be bought by Intersave?

Mr. Nichol: Yes, usually, that is correct.

Mr. Eaton: How much of that business that they do would be in the area of farm produce?

Mr. Nichol: I would think very little.

Mr. Eaton: They are obviously involved in the eggs, because we have had stated by an

egg producer that he sends cheques to Intersave on his discount.

Mr. Nichol: I would think very little.

Mr. Eaton: Very little in produce in general.

Mr. Nichol: Yes, sir. The same thing in meat.

Mr. Eaton: Would you have an individual buyer responsible for produce, or would an individual store deal at any time with producers?

Mr. Nichol: In Intersave or in Loblaw's?

Mr. Eaton: In general in Loblaw's.

Mr. Nichol: We have two to three produce buyers in addition to Paul Pappas.

Mr. Eaton: And they would cover various areas of the province?

Mr. Nichol: That is right.

Mr. Eaton: Would any stores buy direct from producers of a certain commodity in season?

Mr. Nichol: Yes. I remember last year I was up to the Barrie store and I know he had some fantastic-looking cauliflower in there and I asked him where it came from. He had bought it from a local supplier and I was quite surprised, because I thought everything came through our warehouse. Some produce is bought locally, but the amount is very small.

Mr. Eaton: Would an individual store manager like that who is buying produce individually make any discount deals with producers of any sort?

Mr. Nichol: I would be shocked to find out if he were.

Mr. Eaton: It is not a policy to let him?

Mr. Nichol: Definitely not.

Mr. Eaton: He doesn't have the reins to make that kind of deal?

Mr. Nichol: Very definitely not.

Mr. Eaton: I think that pretty well answers the questions I have. Thank you.

Mr. MacDonald: Forgive me, Mr. Nichol, if I move rather swiftly, because the chairman is now timing things and I have 14 minutes and 32 seconds, something like that.

On page seven of your statement you state there was a report to the Food Prices Review Board in February 1976 concerning supermarket advertising and discount practices.

Mr. Nichol: Yes, sir.

Mr. MacDonald: Which report was that? The Mallen report?

Mr. Nichol: I have it right here. No, sir, it is not the Mallen report. I hope you want to talk about the Mallen report.

Mr. MacDonald: Yes, I have one point only that I want to raise.

Mr. Nichol: I hope it is the point concerning discounts and allowances.

Mr. MacDonald: No.

Mr. Nichol: This is the report right here, sir, the green one. I could get you a copy of that.

Mr. MacDonald: I think I have a copy. I was interested in your comment about a two per cent differential between here and the United States.

Mr. Nichol: That was Mr. Tigert's comment. Oh, I apologize, you mean the gross margin percentage?

Mr. MacDonald: Right, and that amounted to \$140 million.

Mr. Nichol: Yes.

Mr. MacDonald: You will recall that the Mallen report, which you perhaps aren't too anxious to discuss, particularly the point I am going to raise—

Mr. Nichol: I am particularly anxious—

Mr. MacDonald: The particular point I am going to raise is, namely, that prices in supermarkets were in excess of what they needed to be because of various practices to the extent of four per cent.

Mr. Nichol: Which is the figure out of the Mallen report that you would like to use? The four per cent?

Mr. MacDonald: The four per cent, \$280 million.

Mr. Nichol: Okay, great. The first couple of points I would like to make regarding the infamous Mallen report, because in terms of attacking the food business in Canada, Mr. MacDonald, that is about the only evidence that is—wouldn't it be terrible if I missed that? I want to quote from the Toronto Star of March 6, 1976.

Mr. MacDonald: Not the most reliable in dealing with food.

Mr. Nichol: There is a very charming picture here of a gentleman by the name of Donald MacDonald. It says—Mrs. Plumptre they are quoting here—she did not endorse the Mallen report because the board researchers concluded Mallen just didn't have the evidence on which to base his conclusions.

Then it refers to Don Tigert who has been mentioned so many times here: "Don Tigert, a Metro analyst of the supermarket industry said, 'Price surveys show concentration in the industry actually has made food prices four per cent lower today than they would have been otherwise.' He said, 'The big chains are

extremely competitive and work on profit margins that are only half as large as they were a decade ago.'"

I have been watching particularly your questioning with great interest, Mr. MacDonald—

Mr. MacDonald: I am sure.

Mr. Nichol:—particularly regarding the Mallen report. In fact I even took the trouble to read the Mallen report and there are two comments I would make regarding the excess profit they talk about. He defines excess profit in terms of anything more than two per cent of sales. I don't accept that, because I notice that a number of chains in the United States earn in excess of that.

The other thing is the figures he has in his report—and I have a copy with me—show that for excess reports in terms of Ontario—and he goes through a number of series of Ontario cities—practically all of the inferences he makes are relative to western cities and not relative to Ontario. For instance, he talks about these cities in Ontario as not having excess profits: Kingston, Oshawa, Sarnia, Windsor, London, Hamilton, Kitchener, Toronto and Ottawa.

Then he goes on to his very interesting thesis—and this came out of one of his earlier papers—in which he states that food prices could be reduced as much as four per cent—and this is primarily in western Canada—because of overstoring. His thesis is, if every supermarket in Canada were utilized fully and were working at top capacity, we could reduce food prices by four per cent. Essentially, what that means is, in a pocket of 100,000 people, you could have one store that would be going all the time and if that occurred, that would give top efficiency.

I think if we had every steel mill in Canada working at 100 per cent capacity, steel prices could be lower. If everybody in government were working at full capacity, somebody could make the comment that we could reduce my tax bill by 50 per cent. If somebody told me that, I would say, "You are being absolutely ludicrous."

Mr. MacDonald: Mr. Chairman, may I interrupt?

Mr. Nichol: No, let me finish. The one point I would like to make—

Mr. MacDonald: May I interrupt, Mr. Chairman?

Mr. Nichol:—about the Mallen report is—

Mr. MacDonald: On a point of order. Mr. Chairman.

Mr. Eaton: On top of that your share prices would go up.

Mr. MacDonald: Mr. Chairman, I asked a question and I have no intention of Mr. Nichol taking all my 14 minutes in answering this question. I have five or six more questions.

Mr. Nichol: Mr. Chairman, may I make one last statement with regard—

Mr. Yakabuski: All we have heard is Mallen, Mallen, Mallen.

Mr. MacDonald: And you will continue to hear it.

Mr. Chairman: Go ahead, Mr. Nichol.

Mr. Nichol: In Hansard's report of Mr. MacDonald's discussion of the Mallen report in the House, it says: "We all know that prices are about three per cent higher in Canada because of these discounts and allowances. Just look at the Mallen report. He says that it's three per cent." So what did Mallen say? On page 164 of the report Mallen offered a number of recommendations that might be possible to decrease prices. One of those recommendations to eliminate or severely restrict the amount of volume and quantity discounts and promotion allowances that may be allowable by law, he rejected. He says it is not feasible. I will give you his reason why.

"This would place smaller food stores supposedly on a more equal footing with buyers. However, to the extent that such discount allowances reflect real cost savings to the supplier, the price structure will tend to move up to the buying price of the smaller firm. Hence the disallowed discounts and allowances will tend to add to the profits of food processors rather than providing the opportunity of their being passed along to the consumers by the major retailers."

Even Mallen says the vast majority of discount allowances are being passed on, and he said, finally, "There is no such strong evidence that such discount allowances have been major contributors to high concentration."

Mr. MacDonald, I apologize, but I—

Mr. MacDonald: You've been waiting to get at this.

Mr. Nichol: —have been waiting to get at the Mallen report because it is periodically raised with a great flourish and waved around, and it is said this proves that the Canadian food industry is ripping off the Canadian consumer by four per cent. I totally reject that.

Mr. MacDonald: Mr. Chairman—

Mr. Chairman: Just a minute, Mr. MacDonald.

Mr. MacDonald: That was about 10 minutes.

Mr. Yakabuski: At last, we've buried Mallen.

Mr. MacDonald: If you think Mallen is buried, you are going to see a resurrection.

Mr. Nichol: With Mr. MacDonald around, I would be on his side. I would be on that side of that bet.

Mr. MacDonald: The interesting thing is that the Bryce report is presented and is gospel to some people because they agree with it. Some people don't agree with the Bryce report. You don't agree with Mallen. I am inclined to agree that Mallen is—

Mr. Nichol: Is that the one on concentration?

Mr. MacDonald: Yes.

Let me go to your friend.

Mr. Nichol: Great. Mr. Tigert.

Mr. MacDonald: Let me quote him.

Mr. Nichol: Page 14?

Mr. MacDonald: Right. This is on volume rebates in the food distribution business. "Volume rebates or earned allowances related to sales are an important source of revenue and profit in the retail and wholesale food distribution businesses in Canada."

Mr. Nichol: Absolutely.

Mr. MacDonald: "Few facts are publicly available on this subject which falls outside the scope of this report. Trade sources indicate that Dominion Stores volume rebates are significantly higher than those of the Weston-Loblaws group." Is that true?

Mr. Nichol: It was the truth. I believe we are narrowing the gap. I think we are doing a better job of providing suppliers with the opportunity to earn their revenues by doing a better job of moving their products through our system. I think Dominion has done a better job than Loblaws has for its suppliers for a number of years and that that is why that they have had the reputation of earning significantly higher rebates.

Mr. MacDonald: Are those volume rebates related to the size of your purchase?

Mr. Nichol: Yes, sir.

Mr. MacDonald: Would you explain to me something that I have been puzzled with and I think also other members of the committee? If Dominion gets a higher volume rebate than you, aren't you entitled to get it under the combines law?

Mr. Nichol: No, we are not because the combines legislation says you are obligated to treat like customers in a like manner.

Mr. MacDonald: If Dominion says it will give you such a volume discount if it buys 500 carloads, while Loblaw's is in a position to buy only 300 carloads, Dominion doesn't have to give the same discount?

Mr. Nichol: Absolutely. I'd like now to enter two volume rebates because I have noticed that counsel several times has asked for some examples of volume rebate schedules. I would like to enter two examples of two volume rebate schedules in excess of 30 per cent that Loblaw's participates in. This particular book right here sets out the volume rebate schedules of the major publications in Canada. With us spending almost one per cent on advertising, that amounts to an enormous amount of money. For instance, with the Toronto Globe and Mail, if you want to go in and buy just one line you pay \$3.96 a line. If you buy 5,000 lines you pay \$3.33 a line. If you buy 50,000 lines it goes down to \$3 and if you buy 100,000 lines it goes down to \$2.78, which is a 30 per cent kickback.

The second document I would like to enter into the record is a government publication of the CBC-TV network. Under the heading of earned discounts, according to the volume of commercials you place with the CBC, a government agency, your volume rebate goes from nil to 39 per cent.

Mr. Johnson: Disgraceful.

Mr. MacDonald: I trust, Mr. Chairman, since this was not solicited by me you will give me an extra two or three minutes.

Mr. Chairman: Certainly.

Mr. MacDonald: One of the problems we have had in this committee is reconciling conflicting evidence. We have had, for example, from Mr. Hannam the contention that there are listing charges that the supermarkets impose for new products. We have had it from the Ontario Fruit and Vegetable Growers Association.

Mr. Nichol: I don't believe there has been any allegation that there is a listing allowance for produce, is there? Has that allegation ever been made?

Mr. MacDonald: For new products put on your shelves, there is a listing charge.

Mr. Nichol: I haven't done my homework well enough because I don't remember that.

[10:30]

Mr. MacDonald: That has been said by both. Also, let me give you a specific example and I shudder to bring this name up again, I hope it doesn't disturb you unduly. In the publication the Canadian Consumer, which

was introduced as an exhibit yesterday when the spokesman for the Consumers' Association of Canada was here, there was a letter written to Dr. Mallen by somebody who was vouched for as being an authority in the food industry; but he, too, like so many others, was afraid of intimidation and therefore his name is not attached to the letter. It says: "As you are no doubt well aware, it is not uncommon for a chain store to demand \$6,000 to \$10,000 to even list a new product." Do you argue that there is no listing charge and that in fact nobody has ever responded to you in this regard?

Mr. Nichol: I admitted before this committee this evening in this document that there are enormous costs involved with listing a new product.

Mr. MacDonald: That's not my question. My question is, do you have a listing charge for the new product?

Mr. Nichol: In the document I presented this morning, I said there are enormous costs. I said the consumer shouldn't bear that; the person who wants me to clear those shelves is the person who should. We have a \$2,500 listing allowance as part of our marketing packages, and I would be glad to supply you with a full list of those packages. I also said that unfortunately we haven't been successful in selling that package to any suppliers.

Mr. MacDonald: That's the point I am making; that nobody had bought it. In other words, nobody has paid that package including the \$2,500 listing charge.

Mr. Nichol: Traditionally in this industry, the way they help us bear the cost of doing that, is from case-off introductory allowances.

Mr. MacDonald: Okay. But you are saying, and I repeat this so that we don't get it fudged, that there are no listing charges, and nobody has responded to a listing charge that you have asked for.

Mr. Nichol: I asked for the last hundred, and nobody had done that; and I am annoyed at my buyers for not being capable of getting the people who are listing those products to pay to put them on the shelf. Whether you know it or not; whether we accept it or not—and we are not very good accountants—those enormous costs are being borne by the consumers in this province.

Mr. MacDonald: I understand that. All I am saying is we have had general assertions ranging from \$5,000 to \$25,000—in this instance from \$6,000 to \$10,000—as listing charges. We had Dominion come in and say there were no listing charges. We have you come in and say there are no listing charges.

Mr. Nichol: I didn't say there are no listing charges. I have asked every one of my buyers to try, in every way possible, to negotiate with the supplier to get a listing allowance out of them. The little bit of research I have done has shown that they haven't been very successful, and I am annoyed at them. The people who are listing those products should be paying for the cost of listing them, because overall, with the thousands of changes and everything else that go through our chain, the consumer is paying for those in the form of higher prices.

Mr. MacDonald: You have costs; you've spelled them out. I can see that, I recognize that that is the possibility. You are testifying that on no occasion has any of your suppliers been willing to pay a listing charge to get his product on your shelves.

Mr. Nichol: No. I am saying that the amount of research I have been able to do in the short period of time has indicated that people aren't buying that listing package. I wish they were.

Mr. MacDonald: Let me put my question my own way, if I may. You have never got anybody to pay a listing charge for putting a new product on your shelf?

Mr. Nichol: Define a listing charge.

Mr. MacDonald: A listing charge is a charge in addition to the cost of the product in order to get it introduced onto your shelves.

Mr. Nichol: Every retailer in this province charges a listing charge. Okay? Every retailer does, and he does it in the form of a discount on the product coming in. He does it in the form of a case allowance. You are trying to say there are no listing allowances. Of course, there are listing allowances in this province. We are playing at semantics. Anybody who says there are no listing allowances is playing at semantics.

Mr. MacDonald: Forgive me for appearing to interrupt you. You say that there is a case allowance.

Mr. Nichol: Yes.

Mr. MacDonald: I am asking whether there is a monetary sum in addition to case allowance to get a new product on your shelves.

Mr. Nichol: We try to negotiate that.

Mr. MacDonald: You have not been able to get it?

Mr. Nichol: In the limited research that I have been able to do—

Mr. MacDonald: That's the question I asked five minutes ago. I now have the answer.

Mr. Eaton: Mr. Chairman, on a point of order, I want to clarify a remark made by Mr. MacDonald. He indicated that the Ontario Fruit and Vegetable Growers Association in their evidence testified they were forced to pay a listing allowance to get their products on the shelf. Nowhere in their presentation did they even mention a listing allowance. I want that fact put on the record.

Mr. Nichol: Anybody who says there are no listing charges in this province is playing with semantics. I don't care if you come into my chain and want to get your product listed, we've got to negotiate and see that it makes sense. You can come in and say: "Listen, you've got 134 stores, Dave. It's going to take 10 cases per store or 10,000 cases or whatever the heck it is. Whether you give me a dollar a case off and \$10,000 or \$2 a case off in terms of case allowance, it is all the same on a net net basis, I don't care." I couldn't care less, as long as I get the money to defray those costs.

People can come before you and be lily-white and say: "There's no such thing as a listing allowance in this province." All they're doing, and they're doing their job for the consumer, is to get the maximum case allowance possible on those introductorys. Let's make it perfectly clear, to the best of my knowledge, there's nothing illegal about a listing allowance. There's an innuendo here and there's an inference. Nobody has come out and accused us, but there is nothing illegal about a listing allowance. It's merely having the guy who wants to incur those costs in my chain pay the cost rather than have me just build it into my cost structure.

Mr. MacDonald: We'll leave that point, if I may.

Mr. Chairman: You've run out of time.

Mr. MacDonald: No.

Mr. Chairman: You were finished at 10:35 and it's 10:38 right now. We allowed you three minutes over the time.

Mr. MacDonald: I have one quick question.

Mr. Chairman: I will allow one quick question.

Mr. MacDonald: This is your ad for this week.

Mr. Nichol: Yes, sir. We're very proud of it.

Mr. MacDonald: It's 15 pages.

Mr. Nichol: Yes, sir.

Mr. MacDonald: Could you give our counsel, confidentially or otherwise, the cost of that 15-page ad and the amount of money

you got from those who were contributing on a co-operative basis to the ad?

Mr. Nichol: It's nice to wave around a 15-page ad, but Loblaw's has a very definite advertising policy which is that we don't want to spend more than one per cent of every sales dollar on advertising, and we do not. In the United States where they don't have supposedly all of these great co-op funds, the industry average as confirmed by the supermarket institute is 1.1 per cent of sales. We're below that. I don't care what the cost of any single individual ad is. The only thing I care about is on period basis whether we are below the one per cent or not.

Mr. MacDonald: With respect, that isn't the question I asked. I asked two simple factual questions. What was the total cost of that 15-page ad? Secondly, what was contributed by those who were operating on a co-operative basis?

Mr. Nichol: What is the cost of that ad? The biggest cost of that ad is in terms of the cost reductions. I did a very interesting analysis—

Mr. MacDonald: I asked for the total value of the cost of that ad to you. This is in the Toronto Star. I am asking for facts. What was the cost of that ad for you?

Mr. Nichol: The cost of that ad to me would be well over a million dollars because it contains a million dollars of price reductions.

Mr. MacDonald: That is not my question. How much are you paying to the Toronto Star for that ad? Secondly, how much was contributed by the various people who shared in the cost of the ad?

Mr. Nichol: You're using a very specious argument. The argument you're using is that the only thing those people who contribute to co-op are getting for that is that ad. The majority of the co-op that's collected goes to pay for the cost reductions that that ad incurred. We're not selling advertising space, we're selling an entire marketing program for a manufacturer. We can do that a number of ways. We could advertise in that program. The main thing is the cost reduction. We bill the displays, we have the shelf talkers, we give a number of services and we move an enormous amount of product for them. We give them very good money or they wouldn't be spending their money with us.

Mr. S. Smith: In terms of these price reductions which are advertised in the branded products, not your own products, but the branded products other than Weston brand

—is it not a fact that as part of the packages which you offer, case allowances and so on are included? It's not just the cost of the ad but also the cost of the price deduction?

Mr. Nichol: Absolutely, you're totally correct.

Mr. S. Smith: So, is it then a fact that a lot of the expense of the price reduction itself is also paid on a co-operative basis—

Mr. Nichol: Absolutely.

Mr. S. Smith: —with a fair amount of that paid by the supplier. Therefore, I think that the fair question, probably the one that Mr. MacDonald might intend to ask, if I'm correct in this, is could you give us, basically, the total cost of the price reduction and the advertising to Loblaw's and, at the same time, offset that by the total cost of the price reduction and the advertising to the supplier, because he has paid a good part of the price reduction, hasn't he?

Mr. Nichol: That's the analysis I did two weeks ago. I went through and I asked them first of all to give me the price reductions on the ad. The answer was \$800,000. That was the value of the price reductions. I then went through and I added the cost of the advertising and then from that I deducted my case allowances on all the products in there; I took my co-op off that, I took my two per cent cash discount off that, I took off all discounts and allowances, I took volume rebates off that, and at the bottom line, I was short \$400,000. I'd be glad to give you that analysis.

Mr. S. Smith: If you have it analysed—not by the whole ad because a lot of that is really products which don't work on that basis—but if you would just take a branded product, and give me what it costs that company, working with you in a co-operative way to give a price discount and be part of your ad, versus what it would have cost that company to give the same price discount but to advertise it itself in a separate box of equivalent size.

Mr. Nichol: What is the inference here? Is the inference that this is all a gimmick to collect money from manufacturers which is being stashed away in some Swiss company called Intersave? What is the inference?

Mr. S. Smith: The question is this: There are two basic questions about the things you've addressed yourself to today, sir. The two basic questions are these: Admitting that volume discounts are a very useful and reasonable way to do business—and all of us would engage in volume discounts—the ques-

tion is whether the volume discounts ought to be related in some way to the genuine benefits of doing business in bulk or in volume rather than a sort of coerced "volume" discount brought about mainly because of the control of the retail outlets by a few.

Mr. Nichol: I would only quote you the evidence—I would only quote you the Robinson-Patman evidence and everything else.

Mr. S. Smith: The second question is whether in charging for co-operative advertising, and taking into account the whole package, the question is—and we don't have an answer yet—whether the suppliers are paying more than they would if the advertising and the promotion and so on were to be done on a basis where they truly divided on a cost basis the real cost of the advertising. Are you inadvertently making any money from them on the advertising itself?

Mr. Nichol: We're not inadvertently making money from anything, unfortunately. But—

Mr. S. Smith: Well, no, you're not in the advertising business—

Mr. Nichol: —the point I would make about co-operative funds and everything else is that the amount of money is determined by the supplier; and whether he wants to buy these services or not, is up to him. In other words, there are a number of suppliers who would have co-op packages in which we haven't provided enough services to use up the money that they set aside for Loblaw's.

Mr. J. A. Taylor: Mr. Nichol, you mention that there was nothing illegal about listing allowances.

Mr. Nichol: Yes, sir.

Mr. J. A. Taylor: Would you say that it was a universal commercial practice? [10:45]

Mr. Nichol: I'm really not that acquainted. I was out in British Columbia the first part of this week and I saw an article in the paper and out there right now the same type of inquiry has gone into furniture. Furniture suppliers are saying they are being shut out of the big department stores. It has gone into records. It has gone into other things. The allegation, the innuendo or the accusation made in that newspaper article was that indeed this was a common business practice right across the board.

Mr. J. A. Taylor: It's not universal. You are saying it's a common business practice.

Mr. Nichol: I don't know enough about the industries but I know it's in health and beauty aids and in the drug store business it's certainly very common.

Mr. J. A. Taylor: I was wondering if it's a common business practice.

Mr. Nichol: To the best of my knowledge, I believe it is.

Mr. J. A. Taylor: Would you consider there's anything improper in that?

Mr. Nichol: I have admitted openly here tonight several times that I encourage my buyers to do everything they can to recoup those costs.

Mr. J. A. Taylor: Mr. Smith mentioned that any one of us would take a volume discount. Let me focus, if I may, on the question that concerns me, representing a rural riding where we have quite a number of small processors or canners of peas, beans, corn, tomatoes and that type of thing. Probably 90 per cent of them have a house label on them. I would assume that probably your store buys some of them—

Mr. Nichol: Hopefully, we do.

Mr. J. A. Taylor: —with their house label. Do you take a volume discount from the national brands?

Mr. Nichol: Yes, sir. They offer it to us.

Mr. J. A. Taylor: I am not criticizing that. We have already gone through that question. The next point I was going to ask you is whether the national brands also might produce for you and put your house label on their products.

Mr. Nichol: In some cases they do, yes.

Mr. J. A. Taylor: When that happens, do you take any volume discount in connection with that?

Mr. Nichol: I am not sure whether they extend that to the private label or not. I suspect the answer is no because private label business is usually done on a net net basis. It's usually done on a contractual basis in terms of you go to a packer and say: "Yes, we will take 20,000 cases at that price. Now what's your net net price?" Then we obligate ourselves to taking that product over the course of the year.

Mr. J. A. Taylor: Could you confirm whether you take a discount on the private label?

Mr. Nichol: I could do that for you.

Mr. J. A. Taylor: You're not sure now?

Mr. Nichol: No, I'm not. I suspect the answer is no, but I would like to check it.

Mr. J. A. Taylor: That would confirm the understanding I have from the processors in my riding. May I just point out to you that my concern is that if they—

Mr. Nichol: They're working at a discount.

Mr. J. A. Taylor: Yes, that's right. If the national brands start putting on house labels and then you start volume discounting the house label, then the small processors who don't now pay a volume discount will be competing with those big national brands. To compete with Green Giant and Aylmer or what have you may be very difficult. I'm just wondering if you could confirm that.

Mr. Nichol: I'll confirm that to you.

Mr. J. A. Taylor: Will you confirm that and see whether it would be your intention to get into volume discounts with the private branch.

Mr. Chairman: Thank you very much, Mr. Taylor. That's an unexpected pleasure. We still have a few minutes left. I think the minister wanted to use them.

Mr. J. A. Taylor: I didn't realize that.

Mr. Nichol: Keep going, Mr. Taylor.

Mr. J. A. Taylor: Perhaps I could continue. The questions I'm asking are very parochial because I have an interest in the farm community and in the employment that that generates.

Mr. Nichol: After these hearings I'm going to have a much greater interest in the farm community as well. If nothing else, they have served a tremendously useful function for me.

Mr. J. A. Taylor: Our farmers supply our canners. We have about a dozen in Prince Edward county alone. I'm advised that the chain stores really keep the small canneries in business.

Mr. Nichol: With their private label.

Mr. J. A. Taylor: With their private label. My interest is in making sure that the farmers have a market for their commodity. They won't if we don't keep the small canners in business. That, of course, indicates my concern in terms of trying to compete with the Green Giant people, say, on a private house label.

Mr. Nichol: I think the no-name product is a very interesting opportunity for the small growers, because I keynoted the GPMC—the Grocery Product Manufacturers' convention—a couple of weeks ago, and I stated at that time that I thought by all of the marketing costs, all of the advertising costs, all of the rebate costs and everything else that they've built into their products, they've created a tremendous opportunity for small growers to come in under their soft belly without any of those costs involved. Really, the acceptance of those no-name products and the amount of product that we're selling provides a tremendous opportunity for small growers

who have an advantage because they haven't got this great infrastructure with all of the costs built into it.

Mr. Chairman: We have three minutes left and the minister would like to ask some questions.

Hon. W. Newman: Not necessarily of the president of Loblaws. I have a couple of things that I'd like to clear up that were asked of me or suggested in testimony tonight regarding—I don't want to use the word "bootlegged"—tomatoes or whatever it was. I have the information for the committee on that.

I also have a question of Mr. Smith, if possible. Throughout this hearing we have asked people to submit evidence in confidence to the legal counsel. Pretty well in all cases I think everyone has accepted the fact that they were prepared to do that. I believe, Mr. Smith, somewhere during your comments or questioning you said you had seen certain cheques. I was wondering if you, along with anyone else, would be willing to submit that evidence or those cheques in confidence to the legal counsel so that he may, in effect, study those particular cheques that you were talking about in your comments.

Mr. S. Smith: Mr. Minister, I, of course, don't have the cheques but I have asked the person who showed me these cheques to testify in confidence with the legal counsel and he has agreed to do so. I believe the legal counsel is not following up on that. Certainly, that's just fine.

Could I ask one question, if you're not pressed for time, just a brief one?

Mr. Chairman: We are pressed for time.

Mr. S. Smith: Oh, Mr. Chairman, come on.

Mr. Chairman: The time that the minister has is the time that's been—

Mr. S. Smith: I'm asking the minister, not the chairman. I'll ask the minister if he will allow me just one brief question and if he doesn't want to then, of course, I'll accept what he says.

Mr. Chairman: Is that satisfactory?

Mr. S. Smith: No, not of you—of the witness, one question.

Hon. W. Newman: I think it's up to the chairman to make that decision.

Mr. S. Smith: It's your time. Will you give me your time?

Hon. W. Newman: I want to clear up a matter. There were some inferences here the other night that when the contracts were up on tomato crops some companies were buying tomatoes after the contracts were up. I wanted

to clear that matter up so that it would be on the record and we could sort it out.

Mr. S. Smith: Sure, I'd like to hear that from the minister, but we have other times to hear from you and I'm never going to see this man again, I'm afraid. That's the only thing. But it's okay, I'll ask him privately. Will you stick around and let me ask you a question privately?

Mr. Nichol: Sure, fine.

Hon. W. Newman: Mr. Chairman, I'd just like to point out that the vegetable board had one complaint in the fall of 1977 that Mr. So-and-so of a certain canning company had accepted bootlegged tomatoes in the fall of 1977. The vegetable board, in response to a complaint from an Essex county director, had a hearing with this person who agreed to abide by the board's negotiated price and not to accept bootleg tomatoes in order to obtain a processor's licence.

What I'm saying is that all these processors are licensed under the act. This certain person agreed—I don't want to disclose the name, I will give the letter to the lawyer. That's one reason that processors are licensed, so they must abide by the regulations of the marketing boards. To my knowledge, there was only one in 1977.

Mr. MacDonald: Mr. Chairman, on a point of order, I spoke to people in the vegetable marketing board, and they confirmed that there was only one actual case of a complaint. I put the question to them as to whether or not in their belief there might not exist other instances of products that were bought at less than the regulated price and they conceded that it was quite possible, in fact, quite likely. Indeed, I raised with them—and I hope to do it when we get back to the estimates on the Farm Products Marketing Board—as to whether or not we should not work out a mechanism whereby every single case should be cleared with the board.

I'm not objecting to selling surplus at the end of a crop year, because if somebody comes in with some tons of tomatoes to a processing company, and the processing company says, "I'll give you this amount," and it's beyond his quota, then it's senseless for him not to take that amount and take the tomatoes home and dump them. He's losing money. It's still a violation of the law. I think we've got to come back to this, because the minister may say there's only one case, but it was conceded to me by a person who is very authoritative on the board that it is highly probable that there are many others. That's from a person who is in the business.

Hon. W. Newman: Mr. Chairman, we're hearing a lot of hearsay here tonight. I'm saying there's one complaint filed and the matter was dealt with in 1977.

Mr. MacDonald: There are complaints that aren't filed, as well.

Hon. W. Newman: I could complain about you on hearsay all the time. I think we've got to deal with factual information and this is what we're looking for in this committee.

Mr. MacDonald: Just a minute. We have had testimony in this committee from one of our own committee members who didn't file a complaint.

Mr. Turner: Partly because of intimidation? That's nonsense.

Mr. MacDonald: No, not a case of intimidation. Co-opted by the system.

Mr. Chairman: Members of the committee. We've run out of time. I would like to thank Mr. Nichol, Mr. Lunau and Mr. Roberts for appearing before the committee this evening and giving this evidence. To the members of the committee, our next meeting is on Tuesday, June 6, 1978, and we shall decide on a course of action by our steering committee.

The committee adjourned at 10:56 p.m.

SPEAKERS IN THIS ISSUE

Campbell, M. (St. George L)
Eaton, R. G. (Middlesex PC)
Havrot, E.; Chairman (Timiskaming PC)
Johnson, J. (Wellington-Dufferin-Peel PC)
MacDonald, D. C. (York South NDP)
Newman, Hon. W.; Minister of Agriculture and Food (Durham-York PC)
Renwick, J. A. (Riverdale NDP)
Smith, S.; Leader of the Opposition (Hamilton West L)
Taylor, J. A. (Prince Edward-Lennox PC)
Turner, J. (Peterborough PC)
Yakabuski, P. J. (Renfrew South PC)

Witnesses:

Lunau, D. N., Vice-President, Loblaw Companies Limited
Nichol, D. A., President, Loblaws Limited
Roberts, F. K., Counsel for Loblaws Limited

Assisting the Committee:

Poole, W. R., Counsel for the Committee

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